Vol. II

TRANSCRIPT OF RECORD

Supreme Court of the United States

OCTOBER TERM, 1928

No. 273

THE ANN ARBOR RAILROAD COMPANY, THE ATCHISON, TOPEKA AND SANTA FE RAILWAY COMPANY, THE BALTIMORE AND OHIO RAILROAD COMPANY, ET AL., APPELLANTS,

vs.

THE UNITED STATES OF AMERICA, THE INTERSTATE COMMERCE COMMISSION AND THE CALIFORNIA GROWERS' & SHIPPERS' PROTECTIVE LEAGUE

APPEAL FROM THE DISTRICT COURT OF THE UNITED STATES FOR THE NORTHERN DISTRICT OF CALIFORNIA

FILED JULY 14, 1928

(33,582)

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VOLUME II

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[fol. 483] I now present Complainant's Exhibit No. 105. The fourth railroad shown on page 4 should read L. A. and S. L. This exhibit shows operating statistics as reported to the Interstate Commerce Commission by the carriers. It is introduced for the purpose of showing the regular operating conditions of the transcontinental carriers as compared with other carriers handling deciduous fruits in the United States.

I wish to call attention particularly to the column headed 13-D on page 2. That shows the pounds of coal consumed per one thousand gross ton miles by the various carriers. It will be noted that the consumption of coal, or its equivalent, is less in many instances on the lines of the transcontinental carriers than on the lines operated in the flat prairie territory. To my mind, this proves that the operating conditions of the transcontinental lines over the mountains are not so difficult as they might seem and that the difficulties have been overcome by the possible use of larger locomotives or other methods or, in any event, that the consumption of power per one thousand gross ton miles is in most instances less by the mountain lines than it is by other lines in the United States.

Thereupon there was offered and received in evidence Complainant's Exhibit No. 105, which is in the following form:

Witness: Ackerman

Comparison of Operating Averages of Carriers Which Transport California Deciduous Fruits with Operating Average of Carriers Which Transport Deciduous Fruits from Other Territories
Year 1925

Carrier	Mile of road and track operated	Locomotives per 100 miles of road	Average tractive power per freight, locomotive-pounds	Traffic density, net tons per mile of road per day	Railway operating revenue per mile of road	Per cent frt. revenue to operating revenue	Railway operating expense per mile of road
A.T. & S.F.	10,168 (1)	17.4 (1)	54,588	3,543	$20,656	72.5	$14,128
S.P. (Pac. Line)	8,764	19.9	47,339	4,102	23,570	71.2	16,622
W.P.	1,046	14.8	49,533	4,155	14,932	79.2	10,869
L.A. & S.L.	1,208	17.6	49,436	3,065	20,320	70.0	16,213
U.P. R.R.	3,688	24.9	52,315	6,717	29,865	76.1	19,419
C.R.I. & P.	8,022	19.9	40,563	3,136	16,277	73.4	12,551
C.B. & Q.	9,404	21.0	44,429	4,182	16,934	74.6	12,414
C. & N.W.	8,469	24.1	42,029	3,167	18,957	70.6	13,655
C.M. & St. P.	11,206	19.2	40,168	3,344	14,460	77.6	11,642
Erie	2,451	53.3	54,418	12,504	51,035	79.9	40,140
Penna. R.R.	10,894	65.7	54,048	12,306	62,931	68.5	49,388
N.Y.C. R.R.	6,931	54.3	42,398	9,969	55,694	62.2	41,907
Compared Railroads, Southern Lines							
Southern Ry.	6,791	25.3	45,497	3,840	21,722	71.5	15,102
L. & N. R.R.	5,038	26.5	44,064	7,353	28,212	78.1	21,500
N.C. & St. L.	1,259	21.6	44,577	3,101	19,062	72.2	15,238
A.C.L.	4,924	20.3	46,534	3,088	19,221	68.8	13,284
S.A.L.	3,929	16.4	42,068	2,732	16,612	69.8	12,349
M. & O.	1,161	18.7	40,478	4,597	16,580	86.2	11,504
Interterritorial Line							
Ill. Cent.	6,255	30.5	44,561	7,354	28,484	77.0	21,644

[fol. 485]

	Operating Ratio			13-D pounds of coal per 1,000 G.T. miles	Cost of maintenance of ways and structives per equated track mile	Revenue ton-mile-mills
	Freight	Passenger	Total			
A.T. & S.F.	65.0%	78.1%	68.4%	147	$2,181	13.12
S.P. (Pac. Line)	67.4	85.6	72.2	153	2,565	14.03
W.P.	68.6	92.8	72.8	137	2,410	9.54
L.A. & St.L.	71.2	102.8	79.8	175	3,229	14.82
U.P. R.R.	59.0	83.3	65.0	137	2,410	11.05
C.R.I. & P.	73.5	88.1	77.1	190	1,708	12.12
C.B. & Q.	69.6	85.9	73.3	179	1,685	9.65
C. & N.W.	78.8	85.4	80.7	190	1,674	12.66
C.M. & St.P.	73.8	108.4	80.5	187	1,649	10.5
Erie	75.0	95.3	78.6	156	3,249	10.
Penna. R.R.	78.6	78.1	78.5	180	4,506	10.45
N.Y.C.	82.3	62.3	75.2	165	4,255	10.69
Compared Railroad, Southern Lines						
Southern Ry.	69.6	69.2	69.5	205	2,368	12.91
L. & N. R.R.	76.6	74.5	76.2	200	3,229	8.89
N.C. & St.L.	78.8	83.2	79.9	200	2,252	13.26
A.C.L.	67.0	74.1	69.1	155	1,801	14.56
S.A.L.	68.5	89.1	74.3	179	1,884	13.30
M. & O.	68.8	98.1	72.1	186	2,428	9.30
Interterritorial Line						
Ill. Cent.	70.7	95.9	76.0	164	3,081	9.21

[fol. 486]

Carrier	Average earnings per freight-train mile	Revenue per loaded-car mile	Cars per train	Miles per hour trains in freight service	Gross ton-miles: Per train hour (31)	Gross ton-miles: Per train mile (32)	Car-mile per freight-car day	Locomotive miles per locomotive day
A.T. & S.F.	$7.61	24.4c	48.3	13.6	24,695	1,812	35.	62.4
S.P. (Pac. System)	8.21	29.5	46.4	11.5	20,527	1,785	36.8	67.2
W.P.	6.60	21.	45.5	14.4	26,255	1,818	43.4	63.
L.A. & S.L.	7.83	29.7	41.3	13.1	20,598	1,572	39.	59.2
U.P. R.R.	7.03	19.5	52.7	15.9	31,597	1,984	59.2	65.
C.R.I. & P.	5.54	23.1	36.5	12.9	16,979	1,319	30.6	65.9
C.B. & Q.	6.45	22.5	45.6	12.7	21,685	1,705	32.5	54.
C. & N.W.	5.98	25.	37.9	12.3	16,956	1,377	23.7	52.4
C.M. & St. P.	6.57	23.	43.8	11.9	19,473	1,630	29.3	52.7
Erie	8.45	22.9	56.5	11.3	24,844	2,189	30.3	51.7
Penna. R.R.	8.47	29.9	44.2	10.6	19,706	1,858	22.5	52.4
N.Y.C.	8.57	24.9	54.8	11.7	24,305	2,072	28.5	55.2
Compared Railroads, Southern Lines								
Southern Ry.	5.81	25.	35.3	12.6	16,170	1,284	28.0	55.1
L. & N. R.R.	5.13	26.6	31.5	11.4	14,759	1,289	30.4	92.
N.C. & St.L.	5.47	24.6	31.9	13.5	15,358	1,140	30.5	74.5
A.C.L.	6.35	25.3	40.3	11.7	16,222	1,386	29.4	66.9
S.A.L.	6.40	26.1	37.7	10.9	14,838	1,364	30.	75.0
M. & O.	5.17	21.2	33.8	13.7	18,026	1,313	36.3	79.4
Interterritorial Lines								
Ill. Cent.	6.23	22.1	44.2	12.4	21,788	1,756	39.1	71.4

[fol. 487]

Carrier	Gross ton-miles per locomotive (thousand)	Maintenance of equipment, per cent of operating		Total maintenance expense, per cent of operating		Transportation expenses, per cent of operating		Material and supplies per mile of road
		Revenue	Expenses	Revenue	Expenses	Revenue	Expenses	
A.T. & S.F.	36,190	19.8%	29. %	33.7%	49.2%	30.7%	44.9%	$2,090
S.P. (Pac. System)	34,419	16.2	22.4	28.8	39.9	37.	51.2	2,472
W.P.	34,551	15.8	21.7	30.2	41.4	33.7	46.3	1,754
L.A. & S.L.	28,018	19.	23.8	36.3	45.5	33.2	41.7	1,585
U.P. R.R.	43,207	19.6	30.2	31.2	48.1	26.9	41.4	2,246
C.R.I. & P.	30,269	21.6	28.1	33.6	43.6	38.2	49.5	1,422
C.B. & Q.	31,099	21.2	28.9	33.6	45.8	34.6	47.2	1,690
C. & N.W.	25,103	20.6	26.5	34.7	44.6	38.3	31.5	1,598
C.M. & St.P.	28,147	24.5	30.4	38.2	47.4	37.7	46.8	1,248
Erie	33,780	23.3	29.7	34.7	44.1	38.5	49.	4,622
Penna. R.R.	30,493	24.	30.5	36.7	46.7	36.6	46.6	4,214
N.Y.C.	34,624	21.	28.	34.7	46.1	34.8	46.2	5,074
Compared Railroad, Southern Lines								
Southern Ry.	24,543	17.2	24.	30.9	44.4	33.4	48.	1,586
L. & N.R.R.	39,347	22.6	29.6	36.9	48.4	34.5	45.3	2,895
N.C. & St. L.	29,693	21.7	27.2	36.3	45.4	35.7	44.7	2,089
A.C.L.	32,517	18.7	27.	30.2	43.7	34.4	49.7	1,501
S.A.L.	35,770	16.1	21.7	29.6	39.8	36.5	49.1	1,387
M. & O.	34,608	17.	23.6	31.6	43.9	34.5	47.8	1,119
Interterritorial Lines								
Ill. Cent.	44,444	21.7	28.6	36.5	48.	35.1	46.1	2,234

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[fol. 488]

	Commodities per cent of total carried					Average haul revenue ton frt. miles
	Agricultural	Ani-als & pdts.	Mines	Forest	Mfgd. & misc.	
A.T. & S.F.	20.	4.6	36.2	5.1	30.7	310.3
S.P. (Pac. Systems)	13.1	2.	37.3	24.3	20.9	245.1
W.P.	13.7	2.2	34.9	24.1	23.2	367.4
L.A. & S.L.	8.1	2.1	49.4	6.8	32.5	157.8
U.P. R.R.	31.9	6.7	27.3	10.8	20.3	430.3
C.R.I. & P.	22.9	5.5	34.7	7.2	25.8	264.5
C.B. & Q.	18.3	6.8	44.4	5.5	21.1	284.
C. & N.W.	12.1	4.8	47.	11.8	20.7	148.7
C.M. & St. P.	14.1	5.	36.2	20.7	20.5	241.3
Erie	11.	2.8	49.	4.4	30.	220.8
Penna. R.R.	4.5	1.	61.1	4.2	26.	196.2
N.Y.C. c	7.	2.4	56.	3.9	27.3	202.
Compared Railroads, South Lines						
Southern Ry.	9.6	1.1	42.7	16.8	24.	181.8
L. & N. R.R.	5.2	0.9	71.4	6.8	13.1	215.3
N.C. & St. L.	22.	3.3	25.6	14.3	27.1	191.5
A.C.L.	11.9	0.9	32.9	26.3	23.3	185.5
S.A.L.	10.7	1.1	35.3	19.1	28.7	184.7
M. & O.	19.7	2.1	27.9	27.9	18.6	261.6
Interterritorial Lines						
Ill. Cent.	12.9	2.1	47.8	14.9	19.	255.8

13-D. Pounds of coal per 1,000 gross Ton Miles, include the equivalent coal tonnage for fuel oil and wood used in Steam Locomotives and Electric Power used by Electrical Locomotives.

31, 32. Gross Ton Miles (Excluding locomotives) relate to freight service including a proportion of mixed and special train service.

Authority:

I. C. C. Statement No. 26200 Comparative Statement of operating averages.

c Includes B. & A.

(1) Includes also G.C. & S.F.

[fol. 489] Complainant's Exhibit No. 106, which I now present, is similar to Exhibit No. 105, except that it deals merely with the operating income per mile of road and the percent of the movement of loaded freight equipment to the total movement of freight equipment. The exhibit shows that the average empty car movement on the transcontinental lines is not much different than that of all the other lines shown.

Thereupon there was offered and received in evidence Complainant's Exhibit No. 106, which is in the following form:

[fol. 490] "COMPLAINANT'S EXHIBIT No. 106

Witness: Ackerman

Comparison of Operating Averages of Carriers Which Transport California Deciduous Fruits with Operating Average of Carriers Which Transport Deciduous Fruits from Other Territories

Year 1925

Carrier	Net operating income per mile of road	Car miles, per cent loaded to total
A. T. & S. F.	$4,813	64.7%
S. P. (Pacific Line)	4,572	64.5%
W. P.	4,122	69.6%
L. A. & St. L.	1,923	63.8%
U. P. R. R.	7,863	68.7%
C. R. I. & P.	2,233	65.9%
C. B. & Q.	2,993	63.1%
C. & N. W.	2,493	63.2%
C. M. & St. P.	1,506	65.4%
Erie	7,547	65.4%
Penna. R. R.	9,297	64.1%
N. Y. C.	9,800	62.9%

Compared Railroads, Southern Lines

Southern Ry	$5,104	66. %
L. & N. R. R	5,343	61.3%
N. C. & St. L	3,127	69.9%
A. C. L	4,127	62.3%
S. A. L	3,859	65.4%
M. & O	3,137	72.7%

Interterritorial Line

Ill. Cent	$4,784	63.9%"

[fol. 491] Cross-examination:

I used the cottonseed scale as the basis of the projection of these rates because that was the only case where I know that the Interstate Commerce Commission has projected the distance scale from the East to the Pacific Coast territory or from the Pacific Coast territory to the East. I did not try out the Wool Case because I did not know that they made a distance scale from the Pacific Coast. I did not find any scale extended to such distances as the scale which I have used. I would not say that this particular scale which I have selected has the lowest rate of progress of any scale in the United States. I made my calculations with the fruit scale in the Memphis Southwest case, which did not extend beyond eight hundred or a thousand miles. I found that that scale would break down rates faster than the cottonseed case would. I did not use that scale because it did not extend the proper distance.

Assuming that cottonseed and oil traffic is handled without diversion and is not handled through difficult terminals, such as Chicago, I think that the rate of progression should be the same on that traffic as on the deciduous fruit traffic. If there is anything that ought to be added for those services, it would be included in the rate, but it would not affect the rate of progression. The traffic which moves under distance scales fixed by the Commission as first class ordinarily has no similarity in transportation to the traffic moving under Class E, but the rate of progression is the same.

Thereupon, there was offered and received in evidence, for such facts or findings of fact as it contains, Complainant's Exhibit No. 107, which is the decision of the Interstate Commerce Commission in Docket No. 15,137, and is in the following form:

10436

[fol. 491-1] INTERSTATE COMMERCE COMMISSION

No. 15137

CALIFORNIA GROWERS' & SHIPPERS' PROTECTIVE LEAGUE v. SOUTHERN PACIFIC COMPANY et al.

Submitted February 19, 1925. Decided June 25, 1925

Rates on fresh deciduous fruits other than apples, in carloads, from California points to eastern transcontinental groups found not unreasonable or unduly prejudicial. Complaint dismissed.

Allan P. Matthew, H. M. Remington, and McCutcheon, Olney, Mannon & Greene for complainant.

Hugh Gordon, W. P. Geary, Carl I. Wheat, and Woodward M. Taylor for Railroad Commission of State of California; Seth Mann for San Francisco Chamber of Commerce and California Development Association; Fred P. Gregson for Los Angeles Chamber of Commerce; E. W. Hollingsworth for Oakland Chamber of Commerce; R. N. Wilson for Sacramento Chamber of Commerce; Frank M. Hill for Fresno County Chamber of Commerce; J. C. Sommers for Stockton Chamber of Commerce; W. D. Wall for San Jose Chamber of Commerce; H. E. Webb for Santa Rosa Chamber of Commerce; and George W. Ashley for Lodi District Chamber of Commerce, interveners for complainant.

Elmer Westlake, Fred H. Wood, J. R. Bell, G. H. Muckley, T. J. Norton, E. W. Camp, A. S. Halsted, E. E. Bennett, Jas S. Moore, jr., Robert H. Widdicombe, M. B. Pierce, J. E. Lyons, F. W. Mielke, and W. F. Dickinson for defendants.

Max Thelen and Wyckoff & Gardner for Chamber of Commerce of Watsonville and Sebastopol Apple Growers' Union; F. W. Brown for South Shore Cooperative Grape Association of Silver Creek, N. Y.; and Barry Mohun for Keystone Cooperative Grape Association, intervenors for defendants.

REPORT OF THE COMMISSION

Division 1, Commissioners McChord, Lewis, and McNamany

McNAMANY, Commissioner:

Complainant and intervenors in its behalf filed exceptions to the report proposed by the examiner, defendants replied thereto, and the parties were heard in oral argument.

[fol. 491-2] Complainant is an incorporated association of growers and shippers of deciduous fruits in California, and of associations of such growers and shippers, representing approximately 15,000 growers and substantially 85 per cent of the total production of such fruits in that States. It alleges that the rates on fresh deciduous fruits other than apples, in carloads, from California points to eastern transcontinental groups are unreasonable, and that they are unduly prejudicial as compared with the rates on apples, in carloads, from and to the same points or groups and by comparison with the level of the rates on other commodities in general, in violation of sections 1 and 3 of the interstate commerce act. It asks that the rates of $1.62 to Group J and $1.73 to the other eastern transcontinental groups be reduced to $1.44, the basis in effect prior to the general increases on August 26, 1920. These and other rates throughout the report are stated in amounts per 100 pounds and apply on carload shipments. The term deciduous fruits will be used to designate fresh deciduous fruits other than apples, and deciduous tree fruits refers to deciduous fruits other than apples and grapes.

The California Railroad Commission, California Development Association, and the chambers of commerce of San Francisco, Los Angeles, Oakland, Sacramento, Fresno County, Stockton, San Jose, Santa Rosa, the Lodi District, and other communties of California intervened on behalf of complainant. The Chamber of Commerce of Watsonville

and the Sebastopol Apple Growers' Union, representing the apple growers and shippers of those California districts, and the Keystone Cooperative Grape Association of North East, Pa., and the South Shore Cooperative Grape Association of Silver Creek, N. Y., intervened in opposition to the complaint.

Description of the Traffic

The growing and shipping of deciduous fruits is one of the great basic industries of California. The volume of production and shipments now exceeds that of citrus fruits or of almost any other product of the State, and other industries, such as the canning and drying of fruit and the production of box shooks and the like, are dependent upon it. This industry had suffered for two or years prior to the date of the hearing, December, 1923, because of a marked decline in prices received for the fruit without corresponding reductions in the cost of production, including transportation to the markets in the East, and it was said to be facing disaster. The importance of the industry to the prosperity of the State, including the carriers which serve it, is obvious.

California exceeds any other State in the production and shipment of deciduous fruits; in fact, it produced about 80 [fol. 491-3] per cent of the grapes, 32 per cent of the peaches, 28 per cent of the pears, 70 per cent of the plums and prunes, and substantially all of the apricots produced in the United States in 1919. The shipments of fresh deciduous fruits from California to the East in 1923 were more than double the number of those in 1919. Grapes constitute about three-fourths of the total movement, and the increase from 1919 to 1923 was due largely to the increased shipment of wine or juice grapes.

Deciduous fruits constitute the most important part of the perishable freight from California to the East, which traffic is by far the greatest of any handled by the transcontinental carriers serving California. Deciduous fruits constituted 29.3 per cent of the total number of carloads of all kinds of freight handled eastbound by the Atchison, Topeka & Santa Fe, hereinafter called the Santa Fe, during the first 11 months of 1923. The Southern Pacific handles

more deciduous fruits than the Santa Fe. Based on a total estimated movement of approximately 70,000 carloads in 1923 and an average loading of 13.9 tons per car, the rate reduction sought would amount to $5,643,400 per year.

Grapes, peaches, apricots, pears, plums, and cherries, in about the order named, are the principal deciduous fruits of California. They are produced throughout the State from the Imperial Valley on the south, in the district between Los Angeles and San Bernardino, throughout the length of the San Joaquin Valley, Santa Clara County, the Sacramento Valley, and various other districts to as far north as Redding, the bulk of the production being north of the Tehachapi summit. A large proportion of the peaches are canned within the State. Apricots are shipped out of the State to a limited extent only, and most of the cherries are shipped by express. Carloads shipped to eastern destinations from north of the Tehachapi in 1923 to November 14 numbered 44,654 of grapes, 6,856 of pears, 5,240 of plums, 3,670 of peaches, 682 of apricots, 612 of cherries, three-fourths of the last named moving by express, and 226 of miscellaneous fruits such as quinces, figs, and nectarines.

There has been a very large increase in the volume of movement of deciduous fruits from California to the East during recent years. The number of carloads of the different kinds of deciduous fruits shipped from north of the Tehachapi to eastern destinations during the years since 1895 are shown by Table I of the appendix. It discloses that the total shipments increased rather slowly until 1907, after which there was a somewhat more rapid increase until 1916, and since then the increase has been much more rapid. The estimated shipments from north of the Techachapi in 1923 were between three and four times as many as those [fol. 491-4] in 1916, more than double those in 1919, and nearly one-third greater than in 1922. It was testified by a witness for complainant that not over 60 to 65 per cent of the planted acreage is in bearing, and he estimated that new vineyards and orchards coming into bearing would increase the production at least 20 per cent for each of the three years following 1923.

The Southern Pacific and the Santa Fe are the principal originating trunk lines, followed by the Western Pacific.

The Los Angeles & Salt Lake, hereinafter called the Salt Lake, a part of the Union Pacific system, handles a relatively small amount of the traffic. A considerable portion of the traffic originates on branches of these lines, but the bulk of it originates on their main lines. There is also a substantial movement from points on short-line connections of these carriers.

Shipments from points on the Southern Pacific or its short-line connections north of the Tehachapi are moved to Roseville, Calif., a few mile east of Sacramento, and there assembled into trains of 45 to 55 cars, averaging about 50 cars each. These move to Ogden, Utah, where they are delivered to the Union Pacific, and the latter handles them to Council Bluffs, Iowa. At this point the trains are broken up and the cars distributed, principally between the Chicago & North Western and the Chicago, Milwaukee & St. Paul, hereinafter called the North Western and the Milwaukee respectively, although the Illinois Central recives a comparatively small portion of the traffic. Most of the traffic moves over these lines to Chicago, Ill. The Southern Pacific assembles shipments from south of the Tehachapi at Colton, Calif., about 57 miles east of Los Angeles. The movement over the Southern Pacific via El Paso, Tex., is light in comparison with the movement via Ogden.

The bulk of the Santa Fe traffic originates in the southern part of the San Joaquin Valley, is assembled into trains at Bakersfield, Calif., and moves direct over that line to Chicago. The Western Pacific assembles its traffic at Sacramento. The bulk of it is delivered to the Union Pacific at Ogden, and the movement beyond is similar to traffic originating on the Southern Pacific. The Salt Lake traffic is assembled at San Bernardino, Calif., and is delivered to the Union Pacific proper at Ogden.

The traffic moves chiefly to the large cities in the territory east of the Mississippi River and north of the Ohio River to the Atlantic coast. Practically all of it moves to the Missouri River and beyond, and the traffic to the territory south of the Ohio River, usually referred to as the Southeast, is relatively light. Over 30 per cent of the traffic handled by the Southern Pacific in 1922 moved to points in the State of New York, and more than 99 per cent of this

[fol. 491-5] was to New York City. Of 16,678 carloads handled by the Santa Fe from July, 1922, to January, 1923, inclusive, 4,400 were to New York City, 1,598 to Chicago, 1,139 to Boston, Mass., 940 to Philadelphia, Pa., 809 to Pittsburgh, Pa., 677 to Jersey City, N. J., and 613 to Newark, N. J. Other cities which received from 400 to 100 carloads of the Santa Fe traffic were Detroit, Mich., Cleveland, Ohio, East Boston, Mass., Buffalo, N. Y., St. Louis, Mo., Youngstown, Ohio, Milwaukee, Wis., Baltimore, Md., Rochester, N. Y., and Kansas City, Mo., in the order named.

Beyond Chicago the Erie system handles the bulk of the traffic to New York, the Pennsylvania delivers most of the traffic to Pittsburgh and Philadelphia, and the Baltimore & Ohio delivers it at Washington, D. C., and Baltimore. The Michigan Central carries most of the traffic to Detroit and Buffalo. The New York Central delivers at Cleveland, and it turns over to the Boston & Maine the traffic for Boston. Of course, the lines mentioned participate in the traffic to other points, and many other lines participate in the traffic to some extent. In fact, almost every line in the country occasionally transports a car of California deciduous fruit.

A statement covering all of the shipments handled from California to the eastern transcontinental groups in 1922 shows that the weighted-average haul on grapes was 2,965 miles and on the deciduous tree fruits 2,751 miles, and that the average loading was 32,940 pounds for the grapes and 26,440 pounds for the other deciduous fruits, the combined average being 31,460 pounds. The record indicates that the average loading has been increased in recent years, largely by reason of the increased shipment of juice grapes. It will be noted that grapes load more heavily than the tree fruits and are transported an average of over 200 miles farther than the latter at the same rates.

The traffic ordinarily moves in refrigerator cars under refrigeration, must be stopped en route for re-icing at various points, and expedited schedules are maintained. The present schedules are 154 hours from the assembling points to Chicago, and the Erie's schedule from Chicago to New York is 65.5 hours. These schedules are slower than those maintained prior to Federal control, but they are faster than those for citrus fruit and other freight except fresh vegetables and cantaloupes.

The movement commences in June and ends in December, and is heaviest from August to November, inclusive, when operating and traffic conditions are more favorable than at other seasons.

History of Rates

The rates are blanketed from all points in California to large destination groups in the East. Originally the rates [fol. 491-6] to the territory east of Chicago were higher than those to Chicago and points west thereof. Prior to 1909 the rates to Groups D to J, roughly the territory from Chicago to Denver, Colo., fluctuated between $1.25 and $1.15, but was thereafter stabilized at $1.15. The rates to Groups A, B, and C, east of Chicago, were generally $1.40 to $1.50 until 1911, when they were reduced to $1.15, the same as to Chicago and west. This rate of $1.15 was increased to $1.44 on June 25, 1918, under General Order No. 28 of the Director General of Railroads. The rates to points in the Southeast, which had been on a higher level, were placed on the same basis in 1919 by including such points in Groups A, B, or C. Under the general increases of August 26, 1920, the rate to Group J, Denver territory, was increased 25 per cent to $1.80, and the rate to Groups A to H, inclusive, was increased 33⅓ per cent to $1.92. The 10 per cent reduction, first established temporarily on January 1, 1922, and without limit as to time on July 1, 1922, resulted in the present rates of $1.62 to Group J and $1.73 to the other groups. Points in the Southeast were placed in Groups K, L, and M on November 18, 1922, without any change in the rates.

The carload minimum was 24,000 pounds until 1911, when it was increased to 26,000 pounds, the present minimum.

Rate Comparisons

Complainant was unable to find rates on deciduous fruits in other parts of the country that it considered might fairly be compared with those assailed, because of differences in the length of haul, volume of movement, and other conditions surrounding the transportation. It compares the rates assailed with those on other perishable traffic, including the class C rates, from California to the eastern transcontinental groups as follows:

Commodity	Minimum weight Pounds	A	B	C	D	E	F	G	H	J	K	L	M
Deciduous fruits	26,000	$1.73	$1.73	$1.73	$1.73	$1.73	$1.73	$1.73	$1.73	$1.62	$1.73	$1.73	$1.73[1]
Apples	31,000[2] / 35,000[3]	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.41	1.50[1]	1.50[1]	1.50
Oranges	32,300	1.73	1.73	1.73	1.73	1.73	1.73	1.73	1.73	1.62	1.73	1.73	1.73
Lemons	26,200	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.41	1.50	1.50	1.50
Fresh Vegetables (packages)	20,000	1.75	1.73	1.65	1.46	1.46	1.39	1.39	1.39	1.34	1.75	1.73	1.65
Melons	20,000	1.75	1.73	1.65	1.46	1.46	1.39	1.39	1.39	1.34	1.75	1.73	1.65
Cantaloupes	20,000	1.75	1.73	1.65	1.46	1.46	1.39	1.39	1.39	1.34	1.75	1.73	1.65
Vegetables (bags)	30,000	1.51	1.355	1.28	1.10	1.10	1.10	1.10	1.10	1.06	1.51	1.355	1.28
Cabbage, fresh (crates)	24,000	1.51	1.355	1.28	1.10[4]	1.10	1.10	1.10	1.10	1.06	.....	.....	.....
Class C	.....	1.80	1.76	1.73	1.65	1.58	1.425	1.35	1.35	1.17	1.80	1.76	1.73

[1] No storage in transit.
[2] Cars under 32 feet 9 inches.
[3] Cars 32 feet 9 inches and over.
[4] Does not apply to New York via Southern Pacific, Morgan, or Mallory steamship lines.

[fol. 491-7] A new rate on oranges of $1.55, minimum 36,000 pounds, was established on December 3, 1923, to the eastern transcontinental groups with the exception of points in the Southeast and New England, New York Harbor points, and destinations on the Erie. The $1.73 rate was continued to the excepted points and as an alternative to the other points, but the carload minimum in connection therewith was increased from 26,700 to 32,300 pounds. The principal reason for the reduced rate on oranges appears to have been the higher minimum, which permits a substantial saving in equipment and other economies. The $1.55 rate at the minimum of 36,000 pounds produces substantially the same revenue per car as the $1.73 rate at the minimum of 32,300 pounds. Based on the 36,000-pound minimum and an average haul of 2,545 miles, the $1.55 rate on oranges produces 12 mills per net-ton mile, 21.9 cents per car-mile, and $558 per car, as compared with corresponding earnings of 12 mills, 18.7 cents, and $534.97 on deciduous fruits, based on an average loading of 30,890 pounds and average hauls of 2,851 miles per car. The average loading of 30,890 pounds for deciduous fruits used in the foregoing computation is represented to be the average for the Southern Pacific. Based upon the average loading of 31,460 pounds for all roads in 1922, the earnings per car on deciduous fruits under the $1.73 rate would be $544.

It is urged that the movement of apples and lemons does not approach in volume that of deciduous fruits. That is true of apples from California; but there is a very large movement of apples from Washington and Oregon to the East, and the rate is the same as from California. Moreover, apples load more heavily than other deciduous fruits and are affected by different conditions. The last point will be discussed in connection with the issue of undue prejudice. In California Citrus League v. Director General, 58 I. C. C. 373, 396, the parties conceded that oranges and lemons should take the same rates under existing transportation conditions, and the rate of $1.44 then applicable on oranges, which became $1.73 to all of the groups except J under the general increases of 1920 and general reductions of 1922, was found just and reasonable.

It will be observed that the rates on fresh vegetables in packages, melons, and cantaloupes are considerably lower than those on deciduous fruits to Groups D to J, inclusive, although the carload minimum is lower than on deciduous fruits, but that there is not much difference between these rates to the farther distant groups. It is pointed out that the principal market for the fresh vegetables and one of the important markets for cantaloupes is in Group D, Chicago territory. But the average haul on deciduous fruits is considerably beyond Chicago. The classification ratings for [fol. 491-8] fresh fruits are generally higher than on fresh vegetables and melons. See Phœnix Chamber of Commerce v. Director General, 62 I. C. C. 368.

The class C rates were included in the foregoing comparisons because Class C rates, under exceptions to the western classification, generally apply on fresh fruits and vegetables in the territory west of Denver and El Paso, and such rates have been prescribed as reasonable for application in that territory in numerous cases. Complainant points out that the rates assailed are higher than the average of the class C rates to the various eastern groups. But they are as low as or lower than the class C rates to Groups A, B, and C, to which most of the traffic moves. Both complainant and defendants appear to regard the class C rates as inappropriate for application to this long-haul traffic.

Defendants compare the rates assailed with those on deciduous fruits from points in Washington, Oregon, Idaho, Utah, and Colorado to the same eastern destinations. The following are representative of these comparisons:

Deciduous fruits from—	To Denver, Colo.			To Omaha, Nebr.			To Chicago, Ill.		
	Distance Miles	Rate	Revenue per ton-mile Mills	Distance Miles	Rate	Revenue per ton-mile Mills	Distance Miles	Rate	Revenue per ton-mile Mills
California[1]	1,332	$1.62	24.3	1,732	$1.73	20.0	2,220	$1.73	15.5
Yakima, Wash	1,340	1.58	23.5	1,730	1.69	19.5	2,208	1.875	17.0
Hood River, Oreg	1,343	1.76	26.1	1,733	1.875	21.6	2,211	1.875	16.9
Twin Falls, Idaho	786	1.125	28.6	1,176	1.35	22.9	1,654	1.50	18.1
Provo, Utah	701	1.06	30.8	1,239	1.35	21.7	1,735	1.50	17.2
Grand Junction, Colo	450	.845	37.5	987	1.35	27.3	1,483	1.50	20.2

Deciduous fruits from—	To Pittsburgh, Pa.			To New York, N. Y.		
	Distance Miles	Rate	Revenue per ton-mile Mills	Distance Miles	Rate	Revenue per ton-mile Mills
California[1]	2,688	$1.73	13.5	3,160	$1.73	10.9
Yakima, Wash	2,676	1.875	14.0	3,187	1.875	11.7
Hood River, Oreg	2,679	1.875	14.0	3,190	1.875	11.7
Twin Falls, Idaho	2,122	1.875	17.6	2,633	1.875	14.2
Provo, Utah	2,024	1.73	17.0	2,540	1.73	13.6
Grand Junction, Colo	1,772	1.73	19.5	2,288	1.73	15.1

[1] Average distances from California based on 742 miles to Ogden, Utah.

There is a substantial shipment of various deciduous fruits from the foregoing districts to the eastern markets, but the volume of movement does not approach that from California. Attention is directed to the fact that the rate from the Utah and Colorado points to destinations east of Chicago is the same as the rate from California, although [fol. 491-9] the distances are from about 750 to about 1,000 miles less than from California. The rates from Washington, Oregon, and Idaho, or the bases thereof, have been found not unreasonable. State of Idaho ex rel. v. Director General, 58 I. C. C. 342; State of Washington ex rel. v. Director General, 58 I. C. C. 701; Wenatchee Valley Fruit Exchange v. N. P. Ry. Co., 83 I. C. C. 71.

Numerous comparisons are also submitted with the rates on grapes, peaches, and strawberries for shorter hauls from points in the East and South. Many of these comparisons are unaccompanied with information as to the movement. The carload minimum is generally only 20,000 pounds. The following are examples of the comparisons with rates from points from which a substantial movement is shown:

To—	Deciduous fruits from California			Peaches from Clarksville, Ark.		
	Distance [1]	Rate	Revenue per ton-mile	Distance	Rate	Revenue per ton-mile
	Miles		Mills	Miles		Mills
Denver, Colo	1,332	$1.62	24.3	.....	.....	.....
Omaha, Nebr	1,732	1.73	20	.....	.....	.....
Kansas City, Mo	1,972	1.73	17.5	417	$0.61	29.2
St. Louis, Mo	2,251	1.73	15.4	444	.67	30.1
Chicago, Ill	2,220	1.73	15.6	726	.835	20.3
Detroit, Mich	2,513	1.73	13.8	932	1.17	25.1
Cleveland, Ohio	2,577	1.73	13.4	980	1.185	24.1
Pittsburgh, Pa	2,688	1.73	12.9	1,057	1.285	24.3
New York, N. Y	3,160	1.73	10.9	1,497	1,915	25.5

To—	Peaches from Fort Valley, Ga.			Grapes from North East, Pa.		
	Distance	Rate	Revenue per ton-mile	Distance	Rate	Revenue per ton-mile
	Miles		Mills	Miles		Mills
Denver, Colo	.....	.....	.....	.....	.....	.....
Omaha, Nebr	.....	.....	.....	.....	.....	.....
Kansas City, Mo	1,086	$1.28	23.6	.....	.....	.....
St. Louis, Mo	807	.86	21.3	.....	.....	.....
Chicago, Ill	735	.98	26.6	450	$0.83	36.8
Detroit, Mich	.....	.....	.....	384	.685	35.6
Cleveland, Ohio	.....	.....	.....	101	.48	95
Pittsburgh, Pa	.....	.....	.....	175	.645	73.7
New York, N. Y	970	1.245	25.6	469	.745	31.7

[1] Average distance from California based on 742 miles to Ogden, Utah.

It is difficult to compare these rates because of the differences in length of haul and other conditions surrounding the transportation. Moreover, the rates from California are blanketed to a destination territory extending more than half across the country, while the other rates are more or less graded with respect to distance.

[fol. 491-10] General Level of Rates

The rates assailed are higher than the rates in effect on June 24, 1918, by 41 per cent to Group J and 50 per cent to the other groups. Complainant compares these percentages with the corresponding percentages of increases in the rates on other transcontinental traffic and certain traffic within mountain-Pacific territory. The average increases in the rates of November 15, 1923, over those of June 24, 1918, are shown as 30 per cent in the case of other eastbound transcontinental traffic and 31 per cent in the westbound transcontinental rates. The average increase in the westbound rates on paper and paper articles was 23 per cent and on iron and steel articles 33 per cent. From some of the interior groups from which certain traffic actually moves the increases were less than from Group A, from which such traffic does not move. For example, the increases on agricultural implements averaged about 20 per cent from Groups B to F, inclusive, as compared with 50 per cent from Group A. Subsequent to the compilation of these figures the westbound rates on many iron and steel articles from Groups B and C were reduced an average of 15 per cent. Moreover, the carriers now have pending a fourth-section application for authority to publish reduced rates on numerous commodities from Groups C to J, inclusive, to California terminals lower than to intermediate points. These reduced rates would average 6.5 per cent lower than the corresponding rates of June 24, 1918. Import rates from California and other Pacific coast ports to the East on November 15, 1923, averaged 42 per cent higher than on June 24, 1918, and the export rates in the reverse direction represented a corresponding increase of 20 per cent. Rates over the Southern Pacific rail-and-water route on various commodities from California terminals to New York averaged 1.2 per cent lower on Novem-

ber 15, 1923, than on June 24, 1918. Many of the reduced rates on transcontinental traffic were accompanied by increases in the minimum weights, but this was not so in all instances.

It is further shown that the rates of November 15, 1923, on coal from New Castle, Colo., Castle Gate, Utah, and Rock Springs, Wyo., to San Francisco, Sacramento, and Fresno ranged from 18 per cent lower to 13 per cent higher than those of June 24, 1918; the corresponding increases in the rates on livestock from certain points in Nevada and Utah to Oakland averaged 20 per cent in the case of cattle and 33 per cent on hogs and sheep; the average increase in the rates on livestock from certain points in Oregon to San Francisco was 17 per cent in the case of cattle and 20 per cent on sheep and hogs; the rates on ore and concentrates from and to numerous points in mountain-Pacific territory increased an average of 24 per cent; the rates [fol. 491-11] proposed by the carriers in their fourth-section applications on numerous commodities between San Francisco and north Pacific coast ports average 15 per cent higher than those of June 24, 1918; and the class rates between San Francisco, Los Angeles, and Sacramento, on the one hand, and certain points in California, Nevada, and Utah, on the other, represent an average increase of 24 per cent.

In view of the foregoing comparisons, complainant contends that the rates on deciduous fruits should not exceed the rates of June 24, 1918, by more than 25 per cent, which would result in a rate of $1.44. One of the principal traffic witnesses for defendants testified that the transcontinental rates used in complainant's comparisons were fairly representative of the traffic actually moving in substantial volume. But he further testified that such rates were established because of competition with the water lines operating through the Panama Canal or to preserve the carriers' tonnage. The canal competition has increased rapidly during the last few years. Deciduous fruits have never moved by water, one experimental shipment several years ago having been a failure. It was stated at the hearing that plans were under way to procure refrigerator ships which would be capable of transporting such fruits to the Atlantic ports.

The applications for fourth-section relief respecting the rates between San Francisco and north Pacific coast ports are based on water competition. The rates on coal to San Francisco are influenced by competition with water-borne coal and fuel oil. See Western Coal Rates, 89 I. C. C. 383, 450. The rates on coal, livestock, and other commodities were increased by flat or maximum amounts per unit under General Order No. 28, resulting in increases of less than 25 per cent in many instances, but a much larger percentage on shorter hauls. Rates in mountain-Pacific territory were increased 25 per cent as compared with 33-1/3 per cent in the interterritorial rates under the general increases of 1920. As to most of the rates referred to by complainant in mountain-Pacific territory, there is a lack of definite information regarding the movement thereunder.

Defendants show that the transcontinental rates on many commodities, both eastbound and westbound, were 50 per cent or more higher at the time of the hearing in December, 1923, than on June, 24, 1918, but these rates were selected without regard to the movement, and it is admitted that there is no movement under some of them.

Generally speaking, it is clear that the circumstances and conditions affecting the rates used in complainant's comparisons, wherein the increases are considerably less than 50 per cent, the approximate increase in the rates in issue, [fol. 491-12] are substantially different from those surrounding the latter.

Relation of Rates to Prices

The prices received for the fruit were relatively high during the war and one or two years following it, the peak being reached in 1919 to 1920, but since then prices have declined to the lowest point since 1917. For example, the farm value of table grapes is shown as $52 per ton in 1922 as compared with $75 in the three preceding years; of peaches as $45 per ton in 1922 as compared with $76 in 1920; and of both pears and plums as $50 per ton in 1922 as compared with $90 in 1920. The farm values of the various fruits during the years from 1919 to 1922, together with the tonnage produced, are shown in Table II of the appendix; and Table III thereof shows the average prices received in eastern markets from 1917 to 1923. The tables

are from an exhibit. It will be noted from the second table that the average prices received for the principal fruits increased from $4.85 per 100 pounds in 1917 to $6.17 in 1918, $7.08 in 1919, reached the peak at $8.84 in 1920, and then declined to $6.90 in 1921; $5.95 in 1922, and $5.44 in 1923.

Complainant compares the relation of the charges for transportation and refrigeration to the average market prices received in eastern markets during the years from 1920 to 1923. On table grapes the relationship of these charges to the average market price increased from 27 per cent in 1920 to 37 per cent in 1921 and 1922 and 40 per cent in 1923; on wine grapes it increased from 24 per cent in 1920 to 30 per cent in 1921, 31 per cent in 1922, and 40 per cent in 1923; and on plums it increased from 25 per cent in 1920 to 33 per cent in 1921, 38 per cent in 1922, and 39 per cent in 1923. On peaches, however, the relationship of 40 per cent in 1923 was lower than in any other year since 1920, including that year, and on pears the relationship of 34 per cent in 1923 was lower than in 1922 and the same as in 1921, but higher than in 1920. The average relationship on all of the principal deciduous fruits was 26 per cent in 1920, 34 per cent in 1921, 36 per cent in 1922, and 39 per cent in 1923.

Comparison is also made of the relationship of the total of the charges for transportation and refrigeration and the loading and selling costs to the average market prices during the same years. The loading costs were the same each year, but the selling costs varied with the prices. The relationship of all these expenses to the average market prices of the principal fruits increased from 34 per cent in 1920 to 43 per cent in 1921, 44 per cent in 1922, and 48 per cent in 1923.

[fol. 491-13] The foregoing comparisons are made without any allowance for the weight of the boxes, crates, or other containers. Similar comparisons are made on a net basis, that is, excluding containers, which has the effect of increasing the percentage relationships by 1 or 2 per cent in many instances.

Complainant contends that the charges now constitute an undue proportion of the prices received for the fruit. Reference is made to the fact that the freight charges on

livestock average but one-twentieth of the market price, and on grain the charges are said to average 15 per cent of the price received. But the average hauls of these commodities are very much less than of the traffic under consideration, and, of course, there are no refrigeration charges. It is natural that the percentage relationship of the total charges to the market prices should be higher on this extremely long-haul traffic moving under refrigeration.

Economic Need of Industry

The growers and shippers were not greatly concerned about the level of the rates in 1919 and 1920, but they assert that they can no longer bear the transportation burden under present prices, and that they do not expect any material increase in such prices. They have endeavored to reduce their costs as much as possible, but the record indicates that the cost of production is still considerably higher than before the war, and that the industry is in economic distress. The charges for transportation and refrigeration constitute the largest item of expense in producing and marketing the fruit.

Considerable evidence regarding production costs was introduced by witnesses who had kept records, and these costs are compared with the prices received. One witness showed the average cost of producing table grapes in 1923 in a large vineyard, which is more economically managed than the average, as $36.98 per ton, including depreciation and interest on the investment at 6 per cent. The net returns to the growers in 1923 are shown to have averaged $26.67 per ton, or $10.31 less than this cost of production. On this basis the total loss to the grape growers on about half of the 1923 crop is figured at $1,432,162.10. As the prices received for the products of this vineyard averaged about $10 to $12 per ton higher than the average prices received by all the growers, it would appear that the particular vineyard did not suffer any loss, but earned approximately 6 per cent.

Another witness compared the costs of production, including interest and depreciation, on his muscat-grape vineyard, which is very favorably situated and requires no

irrigation or fertilization, with the average returns on the [fol. 491-14] basis of various assumed yields per acre in the years from 1918 to 1923. As this vineyard produced 10 tons per acre in 1923 as compared with an average of about 4 tons throughout the State, it yielded a profit in that year of $17.36 per acre over and above the cost of production, but vineyards producing 5.5 tons per acre would have lost $59.61 per acre, those producing 3.75 tons would have lost $89.57, and those producing 2.75 tons would have lost $100.69, upon basis of equal costs.

Other evidence was introduced regarding the costs of production as compared with the net returns, but it is impracticable to refer to all of the evidence in detail. It is sufficient to say that it indicates that a great many, if not most, growers received less than the cost of production in 1922 and 1923, in many cases even without considering interest on the investment.

The evidence shows that on many sales the returns were insufficient to pay the expense of loading, transporting, and selling the fruit, and the grower had to bear part of that expense besides receiving nothing for producing the fruit. Such returns, referred to as red-ink returns, were received on 31 sales out of a total of 181 sales made in 1923 by one large grower of grapes, plums, and peaches.

The returns appear to have been particularly bad on certain varieties of plums, poor returns were also received on some varieties of peaches and table grapes, and in general the returns are regarded as very low, except that pears appear to have brought a fair return. With the exception of pears and some varieties of peaches, the returns were generally lower in 1923 than in 1922. In some sections considerable fruit was left unpicked because prices would not justify the expense of getting it to market.

The low prices received in 1922 and 1923 are attributed to general economic conditions in the East or the law of supply and demand. Shortage of cars when the fruit was at its prime, unfortunate experiments in certain fruits in 1922, the prevalence of mildew on grapes in 1923, and other conditions affecting the fruit may have contributed in some degree to the unfavorable results.

The year 1923 is described as the most disastrous in the history of the industry. The growers were worse off finan-

cially at the close of that season than at the end of the previous one, many growers were more in debt than ever before, more growers had to borrow money to pay taxes and other expenses, more difficulty was encountered in securing loans, owners were unable to secure tenants even on more liberal terms, and there was no sale for land. Some vineyards have already been abandoned, and it is predicted that there will be a decrease in production and therefore in the carriers' tonnage unless relief is secured.

[fol. 491-15] Assuming that the reduced rate would not be reflected in reduced selling prices, the reduction here sought, amounting to 29 cents per 100 pounds or $5.80 per ton on the bulk of the traffic, would afford substantial relief to the growers, who bear probably the major portion of charges directly or indirectly, and would mean the difference between a loss and a small profit to many of them. But it is agreed that other reductions must be secured in the costs of producing and marketing the fruit in order to place the industry in a prosperous condition.

Complainant cites National Live Stock Shippers' League v. A., T. & S. F. Ry. Co., 63 I. C. C. 107, and Rates on Grain, Grain Products, and Hay, 64 I. C. C. 85, in support of its position that rates upon basic commodities, particularly upon products of the soil, must be responsive to the needs of industry and commerce. It is contended that the economic needs of this industry require the relief sought.

Financial Condition of Carriers

Complainant introduced figures to show that the operating returns of most of the principal carriers engaged in handling this traffic have increased in a marked degree during the last few years. The following table, extracted from one of complainant's exhibits, compares the net operating incomes of 10 of the principal carriers in 1923, estimated on the basis of eight months' operation, with the average net incomes of the same carriers during the nine-year period commencing in 1914, and it also shows how much the increases in estimated income in 1923 over the nine-year average exceeded the amounts necessary to pay interest at 6 per cent on the corresponding increases in investment in road and equipment:

	Average for nine years	1923 estimate	Increase in 1923 over average	Net increase in excess of interest on increase in investment
Southern Pacific	$34,349,974	$49,715,000	$14,865,026	$9,717,158
Santa Fe	37,067,941	47,109,000	10,041,059	8,142,792
Western Pacific	2,035,394	3,555,000	529,606	[1] 111,219
Union Pacific	27,190,791	27,575,000	384,209	[1] 3,266,998
North Western	15,275,182	12,489,000	[1] 2,786,182	[1] 7,482,309
Milwaukee	13,560,672	19,575,000	6,014,328	1,092,766
Pennsylvania	34,908,553	78,047,000	43,138,447	28,641,840
New York Central	42,881,453	85,286,000	42,404,547	32,088,256
Erie	4,564,759	13,495,000	8,930,241	6,956,506
Baltimore & Ohio	16,540,143	46,050,000	29,509,857	21,954,733

[1] Decrease.

The California Railroad Commission shows that the Southern Pacific (Pacific system) increased its net railway operating income from $33,686,561 in 1921 to $40,459,532 in 1922, and the estimated income for 1923, based in nine [fol. 491-16] months' operation, was $43,092,216. The increase in 1923 over 1921 was $9,405,655, or about 28 per cent. Likewise the Santa Fe, after allowing for an item of excess maintenance in 1920 which was required to be canceled in 1921, increased its net railway operating income from $34,199,881 in 1921 to $35,509,010 in 1922, and the estimated income for 1923, based on nine months' operation, was $39,207,648. The increase in 1923 over 1921 was $5,007,767, or about 15 per cent. The Western Pacific also increased its net operating income from $951,893 in 1921 to $1,996,776 in 1922, and its estimated income for 1923, based on nine months' operation, was $2,668,231, an increase over 1921 of $1,716,338, or about 180 per cent.

The witnesses for complainant and the California commission used different methods in estimating the income for 1923. The actual returns now available for 1923, by agreement to be considered as in the record, show that the net railway operating income of the Southern Pacific (Pacific system) was $45,412,504, of the Santa Fe $40,815,194, and of the Western Pacific $3,068,401. These figures are somewhat higher than the estimates of the witness for the California commission, but they are considerably lower than the estimates of complainant's witness.

It is further shown that the operating ratios of some of the principal carriers have materially improved since 1920. For example, the ratio of the Southern Pacific was reduced from 83.32 per cent in 1920 to 68.96 in 1923, based on nine

months' operation in the latter year; and that of the Santa Fe was likewise reduced from 86.89 to 73.46 per cent; but that of the Western Pacific increased from 75.84 to 77.72 per cent, although the latter figure was lower than in 1921 and 1922.

But despite the improvement in operating returns, defendants show that the rates of return on the investment claimed by some of the principal carriers for 1922 and 1923, based on nine months' operation in the latter year, were as follows:

	1922 Per cent	1923 Per cent		1922 Per cent	1923 Per cent
Southern Pacific lines.	4.13	4.41	Illinois Central system	5.32	4.95
Santa Fe system	4.66	5.01	Erie system	.14	3.71
Western Pacific	1.95	2.6	Pennsylvania system	3.65	3.97
Union Pacific system.	4.14	4.11	Baltimore & Ohio	3.21	6.08
North Western	3.64	2.17	New York Central lines	4.59	6.9
Milwaukee	1.87	2.66			

It will be noted that the Baltimore & Ohio and New York Central are the only carriers shown as earning in excess of 5.75 per cent in 1923. Defendants further show that the rate of return for the nine months ending September 30, [fol. 491-17] 1923, averaged but 4.35 per cent per annum in the western district and 5.27 per cent in the entire country. These figures are based on valuations which bear the same prcentage relationship to book values as the tentative valuations used in Increased Rates, 1920, 58 I. C. C. 220, bore the book values.

As previously indicated, a substantial portion of the traffic under consideration originates on independent short lines. Some of these short lines are in very poor financial condition, and the reduction sought would seriously affect their revenues under existing percentage divisions.

The record in this case does not indicate that the carriers principally engaged in handling this traffic as a whole are earning in excess of, or even as much as, a fair return of 5.75 per cent.

Cost of Service

Defendants select eight carriers in the western district—the Southern Pacific, Santa Fe, Western Pacific, Union Pacific, Denver & Rio Grande Western, Missouri Pacific,

North Western, and Milwaukee—and four carriers in the eastern district—the Erie, Pennsylvania, Baltimore & Ohio, and New York Central. From the total operating expenses, tax accruals, and certain other expenses for 1922 of these lines in the eastern and western districts, respectively, they deduct expenses not related to train operations and separate the remaining expenses between passenger and freight traffic. The freight expenses thus ascertained for each group of carriers are then divided by the gross-ton miles of revenue and nonrevenue freight handled by them, resulting in an average of 3.9825393 mills per gross-ton mile in the western district and 4.3910446 mills in the eastern district. The gross tons per car of the traffic under consideration are next determined by adding together the average revenue tons, the nonrevenue tons, the tare tons, and the proportional of empty haul, resulting in 60.22 tons per car in the western district and 58.88 tons in the eastern district. Finally, the average costs per gross-ton mile are applied to the average gross tons per car and the distances from and to representative points to get the average costs per car, and the costs per 100 pounds are also computed. The final result, for example, from Lodi, is an average of $1.73 per 100 pounds to Chicago, $2.13 to Pittsburgh, and $2.58 to New York.

Defendants do not contend that the above figures represent the actual cost of handling this traffic, which it is said would be impracticable of ascertainment, but they are shown as the average costs of handling all traffic applied to the weights and distances of this traffic, and it is asserted [fol. 491-18] that they come as near as possible to approximating the actual costs. It is contended that the longer haul on this traffic than the average on all traffic is offset by the expedited service and other expenses peculiar to this traffic.

Complainant points out that the average costs shown per gross-ton mile are approximately 10 per cent higher on the eastern lines than on the western lines, notwithstanding the greater operating difficulties in the West. The average hauls on all traffic in 1922 were 155.6 miles in the eastern district, 219.98 miles in the western district, and 186.46 miles for the entire country by individual lines, the average for all lines as one system being 325 miles. The

average haul of the traffic under consideration, 2,860 miles, is greater than that of almost any other traffic moving in substantial volume anywhere in the country. It is pointed out that the application of the average costs of handling all traffic for 220 miles to the handling of this traffic for a distance of 2,200 miles would burden it with the cost of 20 terminal services. The average costs of handling all traffic include less-than-carload traffic, which is much more expensive than carload traffic, and traffic on numerous branch lines of light traffic density, many of which handle little, if any, of this traffic. An insignificant proportion of the traffic moves over the Denver & Rio Grande Western and the Missouri Pacific. The application of defendant's cost figures would indicate that they are not only losing money on the bulk of the traffic under consideration, but it would appear that they are also losing heavily on most of the other carload traffic handled by them in large volume from California to the East. This is regarded by complainant as absurd, because the western carriers enjoy their best net operating returns while this and other traffic is moving east in heaviest volume.

The average costs of handling all traffic as applied to the traffic under consideration, in the manner followed by defendants, reflect the factors of average loading and empty-car haul. These factors are influenced by the type of equipment used, that is, refrigerator cars. Such cars are considerably heavier in proportion to their loading capacity than box cars. But the defendants' comparisons fail to take into consideration the ice in the bunkers of refrigerator cars, for the transportation of which the carriers receive an allowance in their refrigeration charges. Many commodities may not be loaded in refrigerator cars for various reasons, and although the loading of this equipment is not confined to perishable traffic, there is often no suitable loading available for refrigerator cars from the East when such cars are needed in California. The empty movement is shown by one of defendants' witnesses to be 67.7 per cent of the loaded movement of refrigerator [fol. 491-19] cars in this traffic, as compared with an average of a little over 50 per cent for all equipment in the western district during the first eight months of 1923. Other witnesses for defendants showed a somewhat higher

percentage of empty haul for refrigerator cars in this traffic. However, the empty haul of tank cars and in some cases of stock cars and open-top cars appears to be as great or even greater than that of refrigerator cars. The empty refrigerator cars are returned from the East to California in solid trains moving on fast schedule, when the demand for such cars is great for eastbound loading; and they must often be stored, sometimes at points rather remote from the loading points, awaiting the time when they will be needed for loading. Empty box cars and other equipment are also moved in solid trains at certain times to points where needed, and they are sometimes stored awaiting the season of movement. Increase in the shipment of various kinds of perishable traffic from California to the East during recent years appears to have increased the percentage of empty westbound movement of refrigerator cars, but there is more constant use for them throughout the year for eastbound traffic. The figures for the westbound empty movement include new refrigerator cars, a great many of which have been purchased in the East during the last few years.

The expedited service is stressed by defendants as increasing their expenses for handling this traffic as compared with other freight. The schedule for deciduous fruit from Roseville to Chicago averages 13.95 miles per hour as compared with 11.35 and 12 miles per hour for citrus fruit and manifest freight, respectively, or 23 and 16 per cent faster for the deciduous fruit. The schedules for fresh vegetables and cantaloupes from the Imperial Valley, however, are about as fast or faster than for deciduous fruit. The schedule for deciduous fruit was increased during Federal control from 138 to 180 hours, Roseville to Chicago, and it was reduced to 154 hours in 1921. Similar changes were made in the schedule to New York, which contemplated third-morning delivery from Chicago prior to 1918, when it was increased to fifth morning from Chicago, and it is now fourth morning. The schedule of the Santa Fe was formerly faster than that of the Southern Pacific and Western Pacific, while the Salt Lake's schedule was slower than the latter lines, but the schedules of all these lines are now the same in number of hours from the assembling points to Chicago.

The schedules maintained on deciduous fruit necessitate a reduction in the tonnage per train from the maximum rating of the locomotives. On the Santa Fe this reduction is said to be about 15 per cent. A comparison of the operating efficiency secured in the handling of respective [fol. 491-20] trains by the Southern Pacific shows that the gross tonnage of the fruit trains averaged 84.2 per cent of the locomotive capacity, while the averages of the manifest and other through freight trains were 86.8 and 89 per cent, respectively. The corresponding ratios based on the net load instead of the gross weight of the train were only 33.8 per cent for the fruit trains, 48.2 per cent for the manifest trains, and 51.5 for the other through trains. According to the same exhibit, the net weight of the freight transported per gallon of fuel oil consumed was only 14.9 tons in the case of the fruit trains as compared with 22.3 and 22.4 tons for the manifest and other through trains, respectively. This was due largely to the lighter weight of the fruit in proportion to the gross weight of the train. To what extent this comparison might be affected by considering the ice in the bunkers is not apparent from the record.

The lines that handle the fruit from Council Bluffs Transfer to Chicago, 488 miles, maintain a schedule of 31 hours, which is figured from the time they have 10 or more cars in their possession. This is compared with what is termed a normal schedule of 40 hours on the North Western and the Milwaukee's average elapsed time of approximately 72 hours for common freight. But the schedule for this run on fresh meat is faster than for deciduous fruit, and the North Western's schedule for livestock is 36 hours. The Milwaukee's locomotive rating for California fruit is 2,100 tons, which is 75 per cent of its rating of 2,800 tons for common freight. In September, 1923, the North Western handled 184 fruit trains with an average of 1,328 tons of fruit and an average total of 2,030 tons of fruit and fill-out of other freight, or 220 tons less than its time-freight rating of 2,250 tons and 720 tons less than its full locomotive rating of 2,750 tons. These tonnage figures do not include ice in the bunkers.

On the Pennsylvania the traffic is handled in trains with other perishable freight. Their average speed is about

15 miles per hour as compared with 8 to 10 miles per hour for what are referred to as "drag" trains. But the service maintained on merchandise or time-card freight appears to approximate more closely that on perishable traffic. The faster service on perishable traffic necessitates a reduction in the tonnage of 20 to 30 per cent, sometimes even 50 per cent, below that of "drags." This is said to make the service from 20 to 30 per cent more expensive, but no explanation was made as to how these figures were determined.

In connection with the carriers' showing as to reduced loadings due to the desire for increased speed, it may be observed that locomotive efficiency is property measured by [fol. 491-21] ton miles per hour. For example from a purely transportation standpoint, the movement of 1,000 tons at 15 miles per hour is equivalent to the movement of 1,500 tons at 10 miles per hour. This takes no account of operating factors, such as comparative efficiency of fuel at varying speeds, or for certain other factors affecting final costs.

The necessity of icing and re-icing shipments is referred to as increasing the cost of the service. The trains must be stopped for re-icing at seven points on the Santa Fe and at eight points on the routes via Ogden to Chicago. The icing stations on the Southern Pacific and Union Pacific are equipped with so-called island platforms at which a train of 55 cars can be iced in about one hour. It requires about an hour and a half to ice a train at each of the icing stations on the Santa Fe. There are two icing stations on the Erie between Chicago and New York besides those at or in the vicinity of the cities named. Some of the lines assert that the ice costs them more than they receive for furnishing it, but that does not appear to be a matter for consideration in this case.

Diversions and reconsignments are referred to by defendants as an item of large expense in the handling of this traffic. The carriers maintain an elaborate system for the performance of this service. On the Santa Fe the total diversions, including multiple diversions of the same shipments, during the first nine months of 1923, were 8,396 on 10,220 shipments of grapes, or 82 per cent, and 1,709 on 2,182 shipments of deciduous tree fruits, or 78 per cent. On the other origin trunk lines, from July 1 to December 31,

1922, 16,022 reconsignments outside of switching limits were performed on 26,857 shipments of grapes, or 60 per cent, and 5,485 reconsignments on 9,977 shipments of other deciduous fruits, 55 per cent. The reconsignments on apples during the same periods were only 57 on 144 shipments over the Santa Fe, or 40 per cent, and 380 on 2,455 shipments over the other lines, or 15 per cent; but the reconsignments on citrus fruit were 17,148 on 22,573 shipments over the Santa Fe, or 76 per cent, and 6,007 on 8,817 shipments over the other lines, or 68 per cent. No charge is made for diversions or reconsignments west of Chicago, and it is estimated that 80 per cent of them are performed in that territory. The number of reconsignments in proportion to the shipments of deciduous fruit appears to have been considerably greater in 1923 than in previous years. This is attributed by complainant mainly to embargoes of large eastern markets in connection with the permit system. Under this system shipments could not be consigned to the embargoed destinations, but permits were issued to reconsign to such points after the shipments had been started to other destinations.

[fol. 491-22] The loss and damage claim payments by the four origin trunk lines during the year 1922 were 4.5 per cent of the total freight revenue on grapes during 1921, the revenue for the latter year being used because the claim payments in 1922 were largely on shipments in 1921. The corresponding percentages were 3.8 per cent for other deciduous fruits, 3.28 per cent for apples, and 1.3 per cent for citrus fruit. The claim payments of the Santa Fe on all freight averaged about 2 per cent of the total freight revenue in 1920-1921, but they have since dropped to about 1 per cent.

The cost of hauling empty refrigerator cars from Roseville to storage points on the Southern Pacific and their return to Roseville or points of interchange with connecting carriers is estimated as $4.30 per car, based on a study of 2,394 cars moved in three or four weeks preceding August 21, 1923. The Southern Pacific's storage facilities at Roseville are insufficient during the short time during which they are needed, and this study was made for the purpose of considering an increase in such facilities, which question had not been decided at the time of the hearing.

Both the Southern Pacific and Santa Fe maintain special trains to assemble loaded cars and distribute empties during the season of heavy movement of deciduous fruit. Comparison of certain fruit pick-up and hauling trains with local-freight trains of the Southern Pacific indicates that the wage costs of the former averaged 66.4 cents per 100 net-ton miles as compared with 33.9 cents for the latter. The difference was due to the greater net tonnage per train-hour for the local-freight trains. In the case of one fruit train, engaged more in hauling than pick-up service, the conditions were reversed and its wage costs were considerably lower than those for the local-freight train with which it was compared. The cost of gathering up carload shipments of perishable freight and distributing empty refrigerator cars on the Valley division of the Santa Fe to and from Bakersfield, during the months of July, August, September and October, 1922, is estimated to have averaged $29.42 per loaded car. This cost was affected by the shopmen's strike during that period, but conditions are said to have been practically normal in October, during which the average cost is estimated as $25.96 per car.

Defendants introduced considerable evidence regarding the mountain grades and curves, trouble in securing water for their engines in desert places, cloudbursts and washouts at some seasons of the year, and various other operating difficulties encountered on the western lines. The grades and some of the other operating conditions on the Erie are also detailed. These conditions on the various lines require lightening of the tonnage of trains at some places, increases [fol. 491-23] at others, and at certain places helper service is required. Other traffic moving over these lines is affected by the same conditions.

The size, complexity, and high value of the Chicago terminal facilities are referred to by defendants. Of course, those facilities are not confined to this traffic. The delivery of grapes on team tracks at Chicago has been surrounded with so much delay, congestion, and confusion that the Chicago, Rock Island & Pacific once considered injunction proceedings to keep its tracks clear. It is suggested by complainant that the carriers could keep their terminals clear by means of track-storage charges. Deliveries to connect-

ing lines at Chicago are made under conditions that often require frequent deliveries in small lots.

A study of the cost of handling California fruit over the Erie purports to show a cost of $181.37 per car from Chicago to New York, $152.37 per car from Chicago to Jersey City, and $107.93 per car from the Buffalo gateway to New York, exclusive of loss and damage payments. This study is based on an analysis of the expense of handling all freight traffic, in road-haul and yard services separately, on the divisions over which this traffic moves. It includes the expense of local-train service and the service on numerous branch lines of light traffic density. It includes the return of the empty cars and assumes that the wear and tear on the roadway and certain other expenses are as great for hauling the empties as the loaded cars. The mileage paid for the use of the refrigerator cars is charged to the traffic, but it is not credited with the fact that the Erie is relieved of furnishing its own cars.

The bulk of the traffic to New York is floated from Jersey City to the Erie's Duane Street station, where the fruit auctions are located. Where shipments moving over the Pennsylvania are floated by the Erie to Duane Street, the latter receives $40 per car for that service. The Duane Street station handled 36,404 carloads of western fruit and vegetables in 1922. Additional pier facilities had to be rented by the Erie in 1923, for the use of which a charge was made against the traffic.

Terminal facilities at New York and other important eastern markets, such as Pittsburgh, Philadelphia, and Boston, have been inadequate to handle the traffic at the height of the grape season, and embargoes have been declared against such shipments. The congestion was apparently caused to some extent by peddling or vending of fruit from the cars on public delivery tracks. The establishment of track-storage charges at Boston so improved the situation there that the embargo was canceled.

[fol. 491-24] Increases in the wages of employees, cost of materials, and tax accruals during recent years are referred to by defendants. The average increase in wages on 18 lines in the western district and 5 lines in the eastern district, from 1915 to 1922, is shown as 123.4 per cent. The increases shown in the cost of various materials during the

same period ranged up to 411 per cent. The average increase in the cost of the principal materials purchased by the Santa Fe is shown as 85.6 per cent in 1922 and 100.75 per cent in 1923 over the average for 1914 and 1916. Tax accruals are shown to have increased an average of 217.6 per cent on the 23 lines above referred to from 1910 to 1922.

There have been some reductions in wages and prices of materials since 1920. Apparently the greatest saving has been on fuel oil, which is burned in the locomotives by the Southern Pacific as far east as Ogden and El Paso and by the Santa Fe as far east as Winslow, Ariz. The prices of the Standard Oil Company for this commodity declined from $1.85 and $2 per barrel in July, 1920, to 75 cents and $1 per barrel in 1923. The aggregate annual saving of the four origin trunk lines in their fuel-oil costs in 1923 as compared with 1920 is figured at over $15,000,000. The record does not indicate whether the level of prices for fuel oil in 1923 can be considered permanent; and it does not appear whether the total fuel costs of all the principal carriers were less in 1923 than previous years.

Defendants' evidence regarding the cost of the service can not be accepted as showing the actual cost of the through transportation of this traffic with any degree of accuracy, and the conclusions hereinafter reached are based mainly upon other considerations. This evidence, however, does show that the service is more expensive than that on all traffic or on apples or citrus fruit.

Evidence of Eastern Grape Growers

The Chautauqua-Erie grape belt in western New York and north-western Pennsylvania is the country's next most important grape producing section after California. In this belt there are about 3,000 growers, having about 40,000 acres of Concord grapes, which cost approximately $14,000,000 to bring into bearing. The annual production of this district during the period from 1900 to 1922 averaged 5,744 carloads of 10 tons each.

Interveners representing growers and shippers in the Chautauqua-Erie belt oppose any reduction in the rates on grapes from California. Their grapes compete with California grapes in the eastern markets. The eastern grapes

generally move in refrigerator cars, and their average loading is about 22,200 pounds per car. Interveners show that [fol. 491-25]their transportation costs per car-mile to some of the most important eastern markets range from 107 to 484 per cent higher than the like costs under the present rates and minimum weight from California. The weakness in this comparison is that the distances from California are very much greater, and the record affords no measure for determining how much greater the car-mile earnings might properly be from the Chautauqua-Erie belt.

The production in the Chautauqua-Erie belt has fluctuated considerably from year to year, but it did not show any increase from 1900 to 1922. In fact, the production in 1922 was less than in 1900, 1911, or 1914, and the production in the latter year exceeded any subsequent year up to 1922. In the meantime, the shipment of grapes from California to the East has increased tremendously, and interveners assert that California grapes are fast monopolizing the eastern markets. The heavy movement of grapes from California is said so to congest the large eastern markets as to cause embargoes, which hurt the eastern growers. The carload shipments from the Chautauqua-Erie belt in 1923 are shown to have decreased under the number in 1922 by 28 per cent to Philadelphia, 33.5 per cent to Pittsburgh, 41 per cent to Newark, 49 per cent to Boston, 57 per cent to New York City, 80 per cent to Cleveland, and 89 per cent to Chicago. The decline in shipments to these points is attributed to embargoes caused chiefly by the increased shipment of California grapes. The congestion can not be attributed solely to the California grapes, as there is a substantial production and shipment of grapes from Michigan and eastern states other than New York and Pennsylvania.

The cost of production on a 10-acre vineyard in the Chautauqua-Erie belt in 1923 is shown at $104.58 per acre, including 6 per cent interest on the investment, while the net returns to the growers are said to have averaged $62 per ton in 1922 and 1923. As the average production is slightly less than 1.5 tons per acre, it is figured that the growers lost an average of about $10 per acre, or a total of about $400,000 in each of the two years. Interveners assert that their production costs will permit no reduction in present prices and

that a reduction in the rates from California would place the eastern growers in a precarious position. Complainant does not appear to contemplate that a reduction in the rates would result in lower prices in the eastern markets.

The average yield of grapes per vine in 1920 is shown as 4.97 pounds in New York as compared with 13.418 pounds in California, and the average yield per acre in the Chautauqua-Erie belt is considerably less than in California. The soil in the Chautauqua-Erie belt is said not to be adapted to raising other crops.

[fol. 491-26] California is entitled to the benefit of its natural advantages of climate and other conditions favorable to the growing of grapes and other deciduous fruits. The evidence of the eastern grape growers is addressed to the proposition that California is not being deprived of any of those advantages by the present rates.

Undue Prejudice

Complainant contends that the rate of $1.50 on apples compared with the rate of $1.73 on other deciduous fruits to most of the eastern groups results in undue prejudice and preference as between the shippers of the respective fruits. Under these rates the average earnings are 12 mills per net-ton mile on the deciduous fruits as compared with corresponding earnings of approximately 10 mills on apples, based on average distances. The weight-average haul on apples shipped from California in 1922 was 3,008 miles, which slightly exceeded that on grapes, exceeded the average on the deciduous tree fruits by 257 miles, and exceeded the combined average on grapes and other deciduous fruits by 148 miles. The movement of apples from California to the East, which amounted to 1,240 carloads in 1922, is very small in comparison with the total movement of deciduous fruits, but there is a very large movement of apples from Washington and Oregon at the same rate as applies from California. Apples are said to compete with other deciduous fruits in eastern markets, but it would appear that the competition between different fruits is limited. California apples and some of the other deciduous fruits enter the eastern markets at the same time to some extent.

The lower rate on apples is defended by the apple growers as well as by the defendants on the following grounds: (1) It has always been lower than on other deciduous fruits; (2) apples meet with greater local competition, because they are produced almost everywhere in the East; (3) the claim payments are not as great on apples; (4) apples load more heavily; and (5) they are subject to water competition.

The fact that the rate on apples has always been lower than the rate on the other deciduous fruits is no justification for continuing such an adjustment if it is improper. It is doubtful whether apples meet with much greater local competition than some of the other deciduous fruits, such as grapes, peaches, and pears, which are also produced rather generally throughout the East. The matter of claim payments, which was referred to in considering the cost of service, does not appear to be of sufficient importance to justify much difference in the rates. But apples do load more heavily than the average of the other deciduous fruits, [fol. 491-27] and this is a matter of considerable importance. The carload minima on apples are 31,000 and 35,000 pounds, depending on the size of the car, compared with 26,000 pounds on other deciduous fruits. The average loading of apples shipped from California in 1922 was about 37,400 pounds per car as compared with an average of 31,460 pounds for the other deciduous fruits. On the basis of these average weights the apple rate of $1.50 produces a revenue of $561 per car and the rate of $1.73 on the other deciduous fruits yields $544 per car. The fact that apples have been and are successfully shipped by water through the Panama Canal is another feature which distinguishes them from the other deciduous fruits. There appears to be a considerable movement of apples from the north Pacific coast through the canal, and the record indicates that this water competition affects the all-rail rate from that territory. If the rate on apples from California were increased to $1.73, it would place the shippers of California apples at a disadvantage in competing with those from the north-coast territory, and it is doubtful whether it would be of any substantial benefit to the shippers of other deciduous fruits. Some of complainant's members are opposed to any increase in the apple rate.

The complaint contains an allegation that the maintenance of rates on deciduous fruits which exceed the rates in effect prior to June 25, 1918, by greater percentages than in the case of the corresponding rates on a large number of other commodities, subjects the shippers of deciduous fruits to undue prejudice and disadvantage. The increases in the rates on deciduous fruits since June 24, 1918, have already been compared with the corresponding increases on other traffic, and it is contended that these comparisons show that deciduous fruit is furnishing an undue proportion of the carriers' revenues. Complainant makes no attempt to establish a competitive relationship between deciduous fruits and other traffic, except apples, and its evidence on the relative increases in rates is apparently directed primarily to the issue of reasonableness. Even if there was a competitive relationship, it has been pointed out that the circumstances and conditions which brought about lower percentages of increase in the rates on other commodities are generally different from those surrounding the rates in issue.

Conclusions

The development of complainant's case in its essentials may be outlined as follows:

1. The basic character of the deciduous-fruit industry in California, and its economic condition, are shown. It is alleged that the rates in effect are higher than the traffic will bear, and that they constitute an undue proportion of the market values of the fruit.

[fol. 491-28] 2. Complainant alleges that by reason of the lengthened train schedules the service now given in the movement of this fruit is relatively less expensive to the carriers and less valuable to the shippers than during the pre-war period.

3. Average loadings of these deciduous fruits have increased.

4. The movement occurs during the season when operating conditions are most favorable.

5. The traffic moves in great volume.

6. Since June 24, 191[illegible], the rates assailed have been increased in greater proportion than transcontinental rates on certain other commodities moving in large volume.

7. The rates assailed are compared with transcontinental rates on other perishable commodities.

8. Evidence concerning the carriers' financial condition, and reductions in operating costs since 1920, is introduced.

9. It is urged that a rate of $1.44 to the groups to which a rate of $1.73 now applies will be amply compensatory.

S. J. Res. 107, generally referred to as the Hoch-Smith Resolution, approved January 30, 1925, provides that cases then pending before us involving rates on products of agriculture should be decided in accordance therewith. In making changes in the rate structure in order to correct rates which are unjust, unreasonable, unjustly discriminatory, or unduly prejudicial, we are enjoined by the terms of the resolution to give due regard, among other factors, to—

1. The conditions which prevail in the several industries of the country, in so far as it is legally possible to do so, to the end that commodities may freely move.

2. The general and comparative levels in market value of the various classes and kinds of commodities as indicated over a reasonable period of years.

3. A natural and proper development of the country as a whole.

4. The maintenance of an adequate system of transportation.

We are particularly directed to effect with the least practicable delay such lawful changes in the rate structure as will promote the freedom of movement of agricultural products affected by depression at the lowest possible lawful rates compatible with the maintenance of adequate transportation service.

We have given consideration to the matters mentioned in the resolution.

The record in this case shows affirmatively that the deciduous fruits here under consideration are moving freely under the present rates, and that the volume of movement has increased greatly during recent years. Complainant's prediction that unless lower rates are secured there will be a substantial reduction in tonnage may not be realized. [fol. 491-29] The prediction is based upon the unfavorable financial return to the producers at the time of the hearing, and for a period prior thereto. But this record does not justify the conclusion either that this condition is likely to continue or that it is due in great part to the rate structure. It is suggested in the record that the unfavorable financial results are chargeable in large measure to overproduction, to inability of the eastern market to absorb the supply. If this is so, economic laws, and not the rate adjustment, will sooner or later bring about a reduction in the movement, and such reduction would be desirable. The record herein does not show the comparative levels in market value of the various commodities over a reasonable period of years.

Complainant's showing with respect to the percentage increase in the rates on this traffic over the rates in effect immediately prior to the general increase of June 25, 1918, is to be viewed in the light of the fact that a few years prior to 1918 the rates were made uniform by reductions to the lowest rate, $1.15. The reductions to points east of Chicago were from rates as high as $1.50.

The relationship of the general level of the rates on other traffic to the level prior to June 25, 1918, which was affected by water competition or other conditions different from those relating to the rates assailed, is not entitled to controlling weight in the determination of reasonable rates on the traffic under consideration. While the operating returns of the principal carriers of this traffic have shown considerable improvement in the last few years, the record does not indicate that as a whole they are yet earning as much as 5.75 per cent. The volume of the movement and the remarkable increase therein tend to indicate that the rates are reasonable rather than unreasonable.

The destination blanket under the $1.73 rate is of extreme length, and in previous cases doubt has been expressed as to the propriety of such large blankets. Com-

plainant, however, has not expressed any dissatisfaction with that method of making the rates, and the case has been presented upon the question of the reasonableness of the rates as a whole. It was stated at the argument herein that there was no desire on the part of the parties that the blanket adjustment be disturbed. In California Citrus League v. Director General, supra, where a similar blanket rate on oranges was in issue, the examiner proposed to break up the blanket, but both complainant and defendants asked that the blanket adjustment be continued, and it was not disturbed. Complainant here also appears to look with disfavor upon an increase in minimum carload weights. It is said that table grapes, which are shipped in a special package, can not be loaded much above the present mini-
[fol. 491-30] mum. The record does not justify differentiation in respect of minimum weights and rates between table grapes and other grapes, or between grapes differently packed.

The rates to Groups D to J appear rather high in comparison with the rates on fresh vegetables, melons, and cantaloupes, and the class C rates, but the $1.73 rate may be lower than would otherwise be justified to the farther-distant groups because it is blanketed to all the groups except J. Apparently complainant is principally interested in the rates to Groups A to D, inclusive. Considering the rates assailed as a whole, it does not appear that they are unreasonable. On the other hand, the comparisons with the rates from the Northwest and other producing sections indicate that the rates in issue are reasonable.

We find that the rates assailed as a whole are not unreasonable or unduly prejudicial as alleged. This finding is without prejudice to any conclusion which may be reached upon the later and more comprehensive record concerning the relation of railroad rates to agriculture which is expected to be developed in Docket No. 17000.

An order will be entered dismissing the complaint.

Appendix

TABLE I.—Number of cars of deciduous fruit other than apples shipped from California to eastern destinations, 1895 to 1923 (Nov. 14), inclusive [1]

	Apricots	Cherries	Grapes	Peaches	Pears	Plums	Miscellaneous [2]	Total
1895...	162	180	1,010	1,289	1,187	465	170	4,463
1896...	172	88	712	976	1,624	407	20	3,999
1897...	177	239	1,100	1,316	1,640	742	48	5,262
1898...	123	297	734	1,103	1,595	542	17	4,411
1899...	90	85	847	2,625	1,684	885	163	6,379
1900...	152	238	825	1,361	2,115	1,158	74	5,923
1901...	201	110	966	1,901	1,535	936	71	5,720
1902...	222	245	1,033	1,777	2,011	1,473	16	6,777
1903...	241	211	1,804	1,857	1,720	1,145	22	7,000
1904...	97	209	1,451	559	2,186	1,053	28	5,583
1905...	279	79	1,602	1,946	1,013	1,391	16	6,326
1906...	16	150	2,052	584	1,513	1,220	22	5,557
1907...	71	133	3,460	699	1,039	1,039	18	6,459
1908...	232	208	3,819	1,980	2,702	1,763	15	10,719
1909...	210	250	5,880	2,599	2,638	1,526	19	13,122
1910...	290	250	4,948	2,518	2,361	1,552	17	11,936
1911...	215	216	6,374	2,027	2,325	1,366	16	12,539
1912...	196	244	6,357	1,621	3,135	1,776	15	13,344
1913...	158	231	6,363	2,359	2,496	1,706	19	13,332
1914...	382	166	8,773	2,144	2,725	1,907	49	16,146
1915...	392	205	9,563	1,689	2,646	2,225	58	16,778
1916...	290	164	9,722	1,909	3,701	1,999	106	17,891
1917...	403	330	13,944	2,432	4,802	2,651	66	24,628
1918...	441	351	16,358	3,137	4,570	2,483	77	27,417
1919...	420	335	19,228	2,773	4,248	2,918	49	29,971
1920...	287	494	24,152	3,148	4,391	2,564	210	35,246
1921...	285	665	28,419	3,328	4,159	3,117	236	40,209
1922...	193	502	37,339	2,316	5,628	3,479	172	49,629
1923 [3]	682	[4] 612	44,654	3,670	6,856	5,240	226	61,940

[1] From north of the Tehachapi.

[2] Includes quinces, figs, and nectarines.

[3] To November 14. Shipments for year from north of the Tehachapi estimated at 65,000 carloads and for entire State at 70,000 carloads.

[4] About three-fourths of these were by express.

[fol. 491-31] Table II.—Farm Values of California Dedicuous Fruits

	Production	Farm value Dec. 1, per net ton		Production	Farm value Dec. 1, per net ton
Apricots:	Tons		Peaches:	Tons	
1919.....	175,000	$80.00	1919.....	430,000	$60.00
1920.....	110,000	85.00	1920.....	360,000	76.00
1921.....	100,000	50.00	1921.....	310,000	42.00
1922.....	120,000	70.00	1922.....	420,000	45.00
Cherries:			Pears:		
1919.....	12,400	150.00	1919.....	115,000	72.00
1920.....	17,500	200.00	1920.....	102,000	90.00
1921.....	13,000	125.00	1921.....	86,000	62.50
1922.....	12,000	180.00	1922.....	125,000	50.00
Grapes, table:			Plums:		
1919.....	200,000	75.00	1919.....	42,000	60.00
1920.....	190,000	75.00	1920.....	35,000	90.00
1921.....	310,000	75.00	1921.....	42,000	53.00
9122.....	240,000	52.00	1922.....	46,000	50.00
Grapes, wine:			Prunes: [1]		
1919.....	400,000	50.00	1919.....	135,000	240.00
1920.....	375,000	75.00	1920.....	97,250	130.00
1921.....	310,000	82.00	1921.....	100,000	130.00
1922.....	420,000	65.00	1922.....	95,000	140.00

[1] Dried basis.

Table III.—Average Prices per 100 Pounds Received in Eastern Markets for California Deciduous Fruits

	1917	1918	1919	1920	1921	1922	1923
Apricots	$5.52	$5.64	$7.81	$10.17	$7.83	$7.91	$5.70
Table grapes	4.51	6.37	7.01	8.63	6.42	5.65	
Wine grapes	4.39	5.63	7.02	9.99	7.89	6.89	5.24
Peaches	3.92	5.21	4.63	5.42	5.68	3.68	5.04
Pears	5.45	6.00	7.48	8.15	7.64	5.48	6.12
Plums	5.43	7.06	7.30	9.55	7.08	5.56	5.38
All varieties[1]	4.85	6.17	7.08	8.84	6.90	5.95	5.44

[1] Weighted average.

[fol. 491-32] At a Session of the Interstate Commerce Commission, Division 1, Held at Its Office, in Washington, D. C., on the 25th Day of June, A. D. 1925.

No. 15137

California Growers' & Shippers' Protective League

v.

Southern Pacific Company et al.

Order

This case being at issue upon complaint and answers on file, and having been duly heard and submitted by the parties, and full investigation of the matters and things involved having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which said report is hereby referred to and made a part hereof:

It is ordered, That the complaint in this proceeding be, and it is hereby, dismissed.

By the commission, division 1.

George B. McGinty, Secretary. (Seal.)

Redirect examination:

[fol. 492] I found that the rates on citrus fruits from the Brownsville district of Texas, which produces a very good quality of grapefruit, are considerably higher than the rates on deciduous fruit from that section. As an illustration, the rate on citrus fruits from Mercedes, Texas, a point in the Brownsville district, to Chicago, is $1.315 for a minimum of 24,000 pounds, whereas the rate on deciduous fruit is $1.10, minimum 20,000 pounds. To St. Louis the rate

on citrus fruit is $1.215 and 96 cents on deciduous fruits. To Minneapolis the citrus fruit rate is $1.485 and the deciduous fruit rate $1.21. Those are representative of the rates to Western Trunk Line Territory from the Brownsville district. From Florida points the rates on pineapples and deciduous fruit are the same in practically every instance. There is very little deciduous fruit moving from Florida.

Recross-examination:

In connection with my exhibits I did not use the square root theory in my computation. The only use I made of that theory was to call attention to the fact that the Commission evidently had followed it in the cottonseed products rate scale. I am not, in this particular case, contending for the propriety of the square root theory. I have merely used the Commission's percentage rate of progression.

[fol. 493] Thereupon WILLIAM A. CAIN was called as a witness in behalf of Intervenors, Arkansas Packing Corporation, Ozark Fruit Growers Association, and Arkansas Railroad Commission, and having been duly sworn, testified as follows:

I live at Fayetteville, Arkansas. My first experience in railroad work was a short line railroad in Arkansas, 1911 to 1918, in the capacity of agent, general agent, assistant traffic manager, freight traffic manager. Since that time I have been in the employ of the fruit people in northwest Arkansas. In connection with my duties I have had occasion to check rates to, from and between points in southwestern territory.

Springdale in northwest Arkansas is the center of the grape producing section. Practically all of the present production of grapes in Arkansas is in the northwest corner of the state, but there is a carload production near Judsonia, which is in the eastern part of the state, and there are a few cars produced per year near Little Rock, Arkansas.

The southwest corner of Arkansas is the peach producing section, containing about 15,000 acres of peaches. A few of the rates to the Atlantic seaboard from Highland, Arkansas, are as follows: Rate to Boston, $1.69; rate to New York, $1.63; rate to Philadelphia, $1.63; to Baltimore, $1.63.

In the Ozark region, north of Springdale, Arkansas, there exists about 22,000 acres of grapes. In 1923 we shipped approximately three hundred cars of grapes, and in the season just past, 1926, we shipped a little over two thousand cars to eastern destinations, the majority to points [fol. 494] west of the Illinois-Indiana state line. We moved less than one hundred cars east of that line.

The document now shown to me states a comparison of the rates in effect from points in Arkansas to the east, as compared with the rates in effect from California to the east. Page 3 of the exhibit shows a comparison of the present rates from Arkansas as compared with the present rates in effect in California. Page 5 of the exhibit is a statement showing the comparison of the present rates on grape carloads from Springdale, Arkansas, to destinations shown, with rates from Lodi, California, with the rates as proposed by the Complainant in this proceeding.

Thereupon there was offered and admitted in evidence Intervenor's Exhibit No. 108, pages 3 and 5 of which are in the following form:

[fol. 495] INTERVENOR'S EXHIBIT No. 108

Page No. 3

Witness: Cain

Statement Showing a Comparison of the Present Rates on Grapes, Carload, from Springdale, Arkansas, to Destinations Shown with Present Rates from Lodi, California, to the Same Destinations.

Destinations	Springdale, Arkansas			Lodi, California		
	Distance		Pres. rate	Distance		Pres. rate
St. Louis, Mo	(16)	344	67	(1)	2132	1.73
Kansas City, Mo	(16)	273	61	(2)	1958	1.73
Topeka, Kans	(17)	339	61	(2)	1890	1.73
Lincoln, Neb	(18)	486	78	(2)	1701	1.73
Omaha, Neb	(18)	472	78	(2)	1718	1.73
Sioux City, Ia	(19)	573	95	(3)	1819	1.73
Des Moines, Ia	(20)	493	78	(4)	1863	1.73
Davenport, Ia	(21)	591	78	(4)	2038	1.73
Burlington, Ia	(22)	587	78	(5)	2008	1.73
Ottumwa, Ia	(21)	482	78	(5)	1934	1.73
Mason City, Ia	(23)	680	95	(6)	1926	1.73
Sioux Falls, S. D	(24)	699	95	(7)	1910	1.73
Pierre, S. D	(20)	887	1.47½	(8)	2114	1.73
Fargo, N. D	(24)	997	1.67	(9)	2239	1.73
Valley City, N. D	(25)	1511	1.76	(9)	2297	1.73
Mankato, Minn	(26)	716	.95	(3)	1995	1.73
Duluth, Minn	(25)	918	1.09½	(3)	2283	1.73
Red Wing, Minn	(26)	807	.95	(3)	2119	1.73
St. Paul, Minn	(27)	766	.95	(3)	2096	1.73
Springfield, Ill	(28)	516	.83½	(10)	2155	1.73
Chicago, Ill	(28)	629	.83½	(3)	2206	1.73
Milwaukee, Wis	(29)	788	.87	(11)	2291	1.73
La Crosse, Wis	(22)	818	.95	(3)	2164	1.73
Indianapolis, Ind	(30)	585	1.19	(12)	2373	1.73
Ft. Wayne, Ind	(31)	686	1.25½	(10)	2422	1.73
Detroit, Mich	(31)	783	1.34½	(13)	2489	1.73
Cleveland, Ohio	(30)	880	1.36½	(14)	2563	1.73
Columbus, Ohio	(32)	765	1.30½	(15)	2521	1.73
Toledo, Ohio	(31)	781	1.30½	(14)	2450	1.73
Pittsburgh, Pa	(32)	956	1.44	(15)	2674	1.73
Buffalo, N. Y	(31)	1024	1.49	(14)	2746	1.73

Tariff Authority:

S. W. L., 74-G, I. C. C. 1802.
N. P., 413-M, I. C. C. 8147.
Trans. Cont., 3-U, I. C. C. 1174.

[fol. 496] Page No. 5

Statement Showing a Comparison of the Present Rates on Grapes, Carload, from Springdale, Arkansas, to Destinations Shown with Proposed Rates from Lodi, California to the Same Distances

	Springdale, Arkansas			Lodi, California		
	Distance		Pres. rate	Distance		Pres. rate
St. Louis, Mo	(16)	344	67	(1)	2132	1.44
Kansas City, Mo	(16)	273	61	(2)	1958	1.44
Topeka, Kans	(17)	339	61	(2)	1890	1.44
Lincoln, Nebr	(18)	486	78	(2)	1701	1.44
Omaha, Nebr	(18)	472	78	(2)	1718	1.44
Sioux City, Ia	(19)	573	95	(3)	1819	1.44
Des Moines, Ia	(20)	493	78	(4)	1863	1.44
Davenport, Ia	(21)	591	78	(4)	2038	1.44
Burlington, Ia	(22)	587	78	(5)	2008	1.44
Ottumwa, Ia	(21)	482	78	(5)	1934	1.44
Mason City, Ia	(23)	680	95	(6)	1926	1.44
Sioux Falls, S. D	(24)	699	95	(7)	1910	1.44
Pierre, S. D	(20)	887	1.47½	(8)	2114	1.44
Fargo, N. D	(24)	997	1.67	(9)	2239	1.44
Valley City, N. D	(25)	1511	1.76	(9)	2297	1.44
Mankato, Minn	(26)	716	.95	(3)	1995	1.44
Duluth, Minn	(25)	918	1.09½	(3)	2283	1.44
Red Wing, Minn	(26)	807	.95	(3)	2119	1.44
St. Paul, Minn	(27)	766	.95	(3)	2096	1.44
Springfield, Ill	(28)	516	.83½	(10)	2155	1.44
Chicago, Ill	(28)	269	.83½	(3)	2206	1.44
Milwaukee, Wis	(29)	788	.87	(11)	2291	1.44
La Crosse, Wis	(22)	818	.95	(3)	2164	1.44
Indianapolis, Ind	(30)	585	1.19	(12)	2373	1.44
Ft. Wayne, Ind	(31)	686	1.25½	(10)	2422	1.44
Detroit, Mich	(31)	783	1.34½	(13)	2489	1.44
Cleveland, Ohio	(30)	880	1.36½	(14)	2563	1.44
Columbus, Ohio	(32)	765	1.30½	(15)	2521	1.44
Toledo, Ohio	(31)	781	1.30½	(14)	2450	1.44
Pittsburgh, Pa	(32)	956	1.44	(15)	2674	1.44
Buffalo, N. Y	(31)	1024	1.49	(14)	2746	1.44

Tariff Authority:
S. W. L., 74-G, I. C. C. 1802.
N. P., 413-M, I. C. C. 8147.

[fol. 497] I cannot estimate the amount of peaches shipped out of Arkansas. They are harvested in from thirty to thirty-five days during the month of August. That period would cover the peach movement out of Arkansas. They are all shipped in refrigerator cars. The approximate volume of the peach movement from this territory runs as high as four hundred cars in some years, and our peaches are loaded to the minimum—20,000 pounds. There are some peaches which bear about once every six years. We have killing frosts and it is not a very dependable crop. I doubt if we moved 50 cars from northwestern Arkansas in 1926 and in 1925 we did not have a crop. The 1924 movement was only a few cars. The last good crop we had was

in 1920, the last six years having been practically nothing.

They do not market any wine grapes in Arkansas that I know of. We produce exclusively Concords and Emperors, the latter being a table grape of the Concord type.

I do not know of any carload movement of plums from Arkansas. We are not worried about the California plums. Northwestern Arkansas probably ships from six to eight cars of pears a year, so we are not very much worried about California pears.

I am not offering the rates shown in Exhibit No. 108 on grapes from various points in Arkansas to various destinations as reasonable rates. I regard many of them as being ridiculous and unreasonably high. We have filed complaints against many of these rates in a case which is still pending. I would prefer a reduction of the rates all along the line.

Forty-two cars of grapes moved in 1926 from Arkansas to South Dakota points.

My position, and the position of the people I represent, [fol. 498] is that we have approximately twenty-two thousand acres of new vineyards just coming into production, and if the Commission sees fit to reduce the rates from California without reducing the rates from Arkansas and Missouri, we believe it will simply wipe that industry off the face of the globe. We have no objection in the reduction in the rate from California, provided we get a similar reduction. To that extent we are intervening on the part of the complainants.

Thereupon, said intervenor rested.

V. S. Andrus was thereupon called as a witness on behalf of the defendants and, having been duly sworn, testified as follows:

I reside in Alameda, California. I am assistant to the General Manager of the Southern Pacific Company, in which position I have served for two years. I have had twenty-one years' experience in the operating department of steam railroads, serving in various capacities, including special inspector and transportation inspector on the staff of the General Manager.

The line from San Francisco to Ogden includes many bridges. It crosses the Truckee and Humboldt Rivers forty-one times. There is a cut-off across the Great Salt Lake, erected at a cost of $8,358,128.00. This requires constant repairs and a heavy cost. Between Truckee and Blue Canyon there are twenty-three miles of snow sheds, involving expensive repairs and heavy losses from fires. It involves high maintenance cost.

The transportation of deciduous fruits from California requires special service in the way of assembling and hauling trains, yard engines and helper locomotives. During the year 1926 there was a total of 363,574 special service miles by the Southern Pacific Company in California, of which sixty-five per cent, or 237,287 miles represented oper-
[fol. 499] ations on transcontinental carriage of deciduous fruits. The operation of many assembling trains in the transportation of deciduous fruits has the result of reducing the engine efficiency.

The result of a comparison of fifty fruit trains and fifty manifest trains operated in the district between Roseville, California, and Sparks, Nevada, during the year 1926, showed the following result:

[fol. 500]

Summary

Kind of train	Number of trains	Average cars per train		Average speed miles per hour
		Loads	Empties	
Fruit	50	56	....	10.8
Manifest	50	49	4	10.3

Kind of train	Tons per principal locomotive mile		Ratio locomotive capacity to		Tons per gallon fuel oil	
	Gross	Net	Gross	Net load	Gross	Net
Fruit	2417	805	88.6	29.5	42.8	14.3
Manifest	2472	1341	89.9	48.7	43.2	23.4

[fol. 501] It therefore appears that the net loading of fruit trains utilize but 29.5 per cent of locomotive capacity, while manifest trains utilize 48.7 per cent. It is also true that in the movement of fruit trains 14.3 net tons are transported per gallon of fuel oil consumed, whereas in the case of manifest trains 23.4 net tons are moved per gallon of fuel oil consumed.

It is also necessary in the handling of deciduous fruit traffic to build up a large storage of refrigerator cars each year in advance of heavy shipping season. During 1923 our Operating Department made a study of "out of pocket expense" involved in moving refrigerator cars out of line for storage purposes. A close approximation of "out of pocket expense" in this connection shows a cost per car of $4.30. This item does not include the cost of extra handling out of and into Roseville Yard by yard engine, which would approximate another dollar per car.

The gross ton miles per train hour of local trains exceeds that of fruit trains by eighty-one per cent. Local trains exceed fruit trains as to net ton miles per train hour by one hundred eighty-three per cent. Actual wage costs of fruit trains per one hundred gross and net ton miles exceeds local trains by fifty-seven per cent and one hundred sixty per cent, respectively.

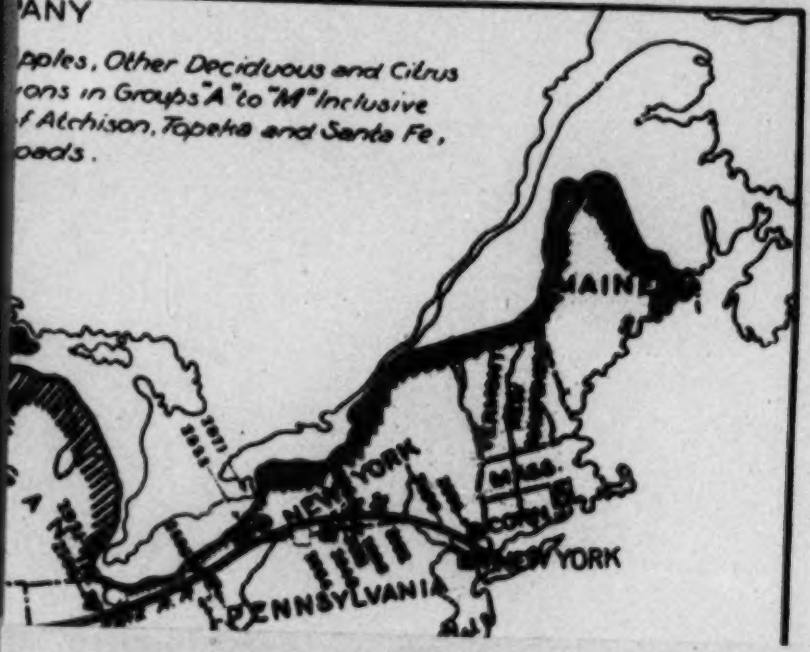
The schedule of manifest trains from Roseville to Chicago via Southern Pacific Railroad, Union Pacific, and Chicago & Northwestern is one hundred seventy-eight hours thirty minutes, compared to one hundred fifty-four hours for citrus and deciduous fruits. The schedule from Colton to Chicago via Southern Pacific and Chicago, Rock Island [fol. 502] & Pacific is one hundred eighty-eight hours forty minutes for manifest freight and one hundred fifty-four hours for citrus and deciduous fruits. The higher speed of deciduous over manifest trains means lesser tonnage per fruit train, and adding to other freight trains the expense of delay caused by giving preference to fruit trains.

Deciduous fruit loading has marked fluctuations, a condition which is difficult to deal with in providing economical assembling of trains.

Consolidated figures of all of the companies show that on the basis of cars, branch line loading of deciduous fruits represents 62.3 per cent of the total, and on the basis of tons, 61.6 per cent of the total. The higher unit cost of branch line service is clearly apparent. For total operations, branch line costs exceed main line costs by one hundred fifty per cent. The maintenance of way and structure expense on branch lines exceeds by two hundred sixty per cent the gross ton mile cost of the comparable main line expense.

ANY

pples, Other Deciduous and Citrus
ons in Groups "A" to "M" Inclusive
f Atchison, Topeka and Santa Fe,
oads.



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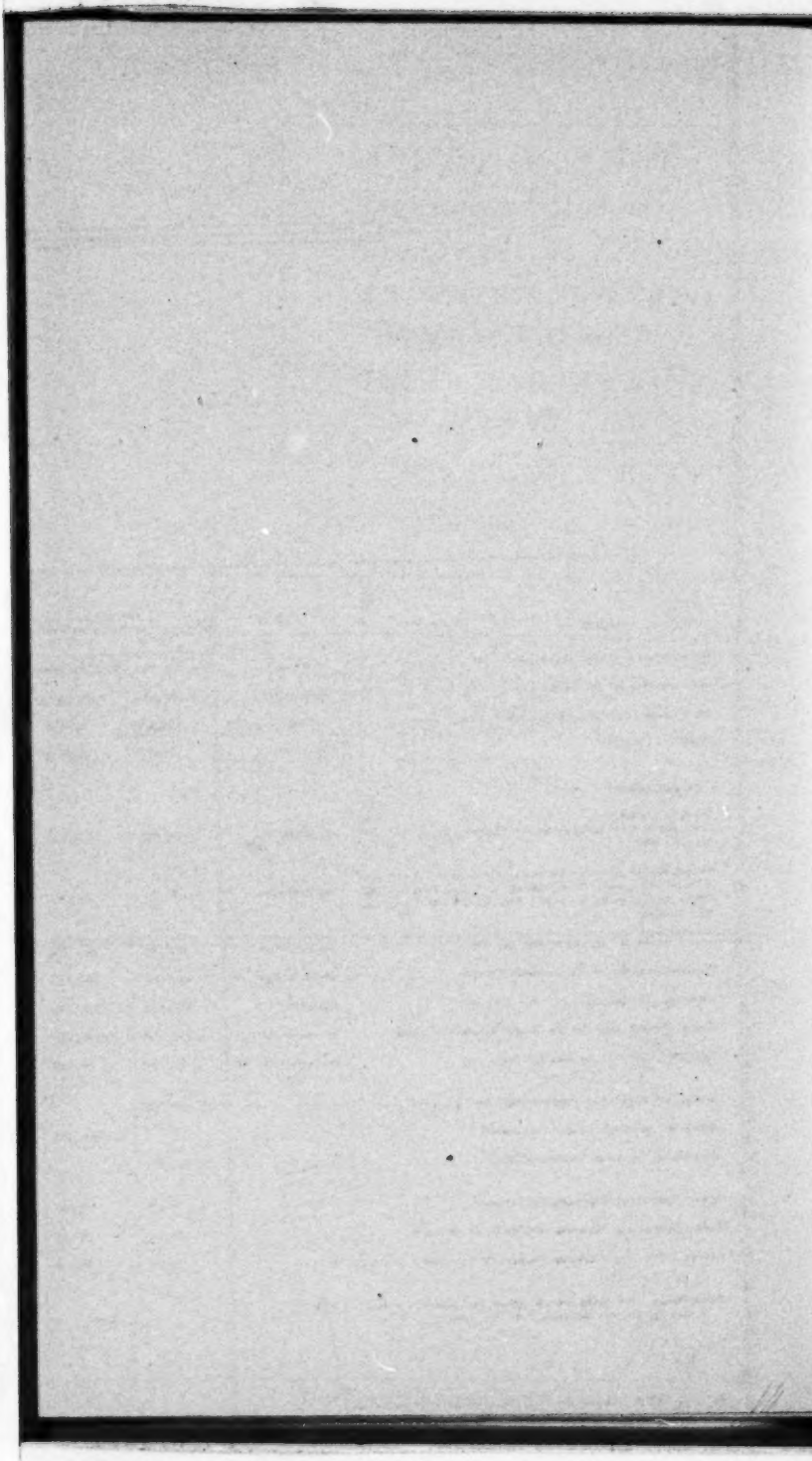


Largely due to the heavy refrigerator car traffic, in 1925 the Southern Pacific Company double tracked its line between Blue Canyon and Truckee at an expenditure of $9,000,000.00. The double track is, of course, utilized to the benefit of all traffic moved over the Sierras. Had it not been for the refrigerator traffic, the expenditure for second track might have been deferred for several years. This resulted in a saving in operating expenses of $250,000, but the carrying charge on the investment was twice that amount. It was necessary to do the second track work to provide adequate service during the peak months.

The document now shown to me marked as "Map Showing Average Haul Per Car, Separately, for Grapes, Apples, [fol. 503] Other Deciduous and Citrus Fruits, etc." is a graphic illustration of the average haul per car for grapes, apples and other deciduous and citrus fruits from production centers in California to destinations in Groups A to M, inclusive. The showing on the map is further segregated as to movement via the lines of the Santa Fe, Southern Pacific, Union Pacific, and Western Pacific railroads, and their eastern connections which handle the majority of the fruit traffic. Production centers are estimated and believed to be conservatively determined.

Thereupon there was offered and admitted in evidence Defendants' Exhibit No. 109, which is in the following form:

(Here follows Defendants' Exhibit No. 109, marked side folio pages 504 and 505.)

[fol. 506] The average cost for a stock car is $1,940; for a gondola $2,380; for a box car $1,960, and for a refrigerator car $3,194. The total purchase money for refrigerator equipment since 1924, by the Santa Fe, Southern Pacific, Union Pacific, and Western Pacific railroads amounted to about $121,000,000. That represents the refrigerator cars purchased to take care of the traffic moving in refrigerator cars and is directly because of the increase in the volume of that traffic.

Between 1917 and 1926 the gross tons per train have increased thirty-eight and a fraction per cent, while net tons have increased but eight and a fraction per cent. This

is due in a large measure to the increasing amount of perishable traffic with the accompanying relatively greater tonnage of dead weight refrigerator car traffic. As a result of the increased tonnage per train—heavier locomotives are required. The heavier type of locomotives are considerably more expensive, and have resulted in a very much heavier investment in locomotives by the carriers.

It is true that during the peak season of the deciduous fruit traffic, the gross or net ton mile costs are lower than for the remaining months of the year. However, in connection with these low operating costs during the peak of the deciduous fruit traffic, must be considered the expenditures made during the light traffic months in anticipation of the peak traffic. Other operating expenses, such as traffic and overhead, that are not susceptible of force increase or decrease to meet the fluctuations in traffic, are less per ton during the peak season than otherwise during the year, but these forces are developed and maintained to handle near mean average traffic, and a part of the carrying expense [fol. 507] during the light traffic months is ratably chargeable to the months of heavy traffic volume.

Maintenance of way expenditures are less during the peak season than otherwise during the year.

The document marked as page 25 of Exhibit No. 109 shows a statement of operating expenses, taxes and equipment rents, wherein certain operating accounts are equated and reconstructed to ratably carry forward into the months of heavy traffic, expenditures made in behalf thereof during lighter traffic months.

W. T. QUIRK was thereupon called as a witness on behalf of defendants and, having been duly sworn, testified as follows:

I am connected with the Santa Fe Railroad as Assistant to the General Manager of the Coast Lines at Los Angeles, California. I have been with the Santa Fe Coast Lines for the past twenty-five years as dispatcher, chief dispatcher, trainmaster, superintendent, general inspector of transportation, and my present position. My total railroad experience has been something over forty years.

I have made a study in connection with the concentration service of the California deciduous fruit traffic, the operation of cars, storing of cars, movement of the cars to concentration points, and movement in the line haul as far as Belen.

As the deciduous fruit season approaches, as many refrigerator cars as possible are stored on each division requiring them. On August 1, 1926, we had on Coast Lines a total of 4,907 empty refrigerator cars ready for loading, and on September 1, 1926, a total of 7,236. Even in spite [fol. 508] of this preparation, it usually becomes necessary to run empty refrigerator cars from Chicago and other points to the Coast—toward the end of the season. It also becomes necessary at times to move a surplus from one division to another to fill shortage.

The deciduous fruit traffic involves a great amount of labor of all kinds, including switching. The refrigerator cars in this traffic must be inspected. All cars must be cleaned, washed and deodorized.

The cars, after being loaded, must be assembled at assembly points, which in the Valley Division is Bakersfield and San Bernardino in the Los Angeles Division. For this purpose a great amount of switching is required.

All shipments on the Santa Fe line, from Richmond, California, to Belen, New Mexico, and from Los Angeles to Barstow, California, involves hauling the traffic over the Tehachapi Mountains. The physical conditions on the mountain prohibit hauling more than blocks of fifty-six loads, and requires heavy engine service. The cost of maintenance per track mile on the Valley Division for the year 1926 was $2.625.04, as compared to $4,029.97 on the route over the Tehachapi Mountains. These figures are normal. [fol. 509] The grade from Los Angeles over the Tehachapi Mountains is particularly heavy, with an almost continual curvature. It has fifteen tunnels. It is single tracked and involves difficult and congested conditions with heavy maintenance expense.

From Barstow the Atchison, Topeka & Santa Fe lines proceed through the second division from Arizona to Needles. Here there is an ascending grade of 1.0% for about 16 miles, for 46 miles there is an ascending grade of 1.4%. These grades necessitate additional brakemen. In

the next district, Needles to Seligman, there is an ascending grade of 1.4% for 150 miles. The trains then proceed to the Albuquerque Division. This is 143 miles long and the grade ascends 1.4% for 10 miles. For 128 miles the grade is ascending 0.6%.

In addition to negotiating heavy grades in traveling from points in California to Albuquerque and Belen, which constitutes the Coast Lines of the Atchison, Topeka & Santa Fe Railroad, we encounter considerable desert. The desert conditions present difficulties in the water supply. Much of the water must be hauled to fuel and water stations. For this purpose 230 tank cars are required annually in the Albuquerque Division and 142 cars in the Arizona Division. The Albuquerque Division extends from Albuquerque on the east to Seligman on the west, and the Arizona Division from Seligman to Bakersfield. The water conditions require deep wells at some points, together with pumps and reservoirs. Some of the reservoirs become dry during the year and the water must be then hauled in.

In New Mexico, Arizona and the desert portion of California there are frequent and severe cloudbursts and floods [fol. 510] which greatly damage track and roadbed. These occur usually from July to November of each year. Heavy expense is involved in protecting the track and roadway from this risk.

Another feature that adds to the cost of handling deciduous fruit is the preponderance of the revenue traffic eastward. Therefore, during the periods of heavy deciduous fruit traffic eastward, the surplus power and crews not needed to haul traffic westward must be returned to their respective western terminals in order to protect the perishable business moving eastward. This is accomplished by running the power, light or double heading and dead-heading the train crews as circumstances permit.

Another matter of additional expense is because the deciduous fruit traffic must be handled on an expedited schedule and such schedules are more expensive than the slower freight schedules, by reason of added fuel and water consumption, wear and tear on equipment and track, and the necessity of cutting out tonnage to make schedule.

Our deciduous fruit schedule is 154 hours from Bakersfield and San Bernardino to Chicago. The schedule of our regular trains is 196 hours and 50 minutes to Chicago.

The cost of materials used in repair of refrigerator cars, excepting refrigerator devices, increased between the year 1914 and the year 1926, the increase in cost of materials ranging from 108% to 240%, with the exception of one material used therein, which has decreased 22.9%. A typical repair job on refrigerator cars in 1914 cost $32.44 for a light repair job, as compared with $55.26 in 1926. A typical heavy repair job upon a refrigerator car in 1914 cost [fol. 511] $41.08, as compared with $64.21 in 1926. A job which in 1914 cost us for materials and labor $32.44, in 1918 would cost us $67.80, in 1923, $57.36, and in 1926, $55.26, and a heavy repair job which in 1914 cost us $41.08, cost us $64.35 in 1918, $61.15 in 1923, and $64.21 in 1926. Light repairs are those involving a man's labor for eight hours, and heavy repairs requiring more.

Cross-examination:

We have a perishable traffic moving continuously throughout the year. Trainloads move every day in the year over our line. Out of Bakersfield our trains average 56 carloads per train eastward as far as Belen. This perishable traffic represents the bulk of our transcontinental movement. We move some freight trains eastward which do not carry perishable products. These encounter the same difficulties and other conditions that have been enumerated. There is no one peak to the perishable traffic.

We also have a local freight train service in California. The efficiency of that service is about the same as our pick-up service.

Our deciduous fruit train schedule is about 24 hours slower than it was prior to the time that the director general took control of the railroads. Our service is 24 hours slower than in 1918. As a result, our present schedule is less expensive than if we had a 130 hour schedule, because we can haul more cars per train under the schedule of 154 hours.

We have considerable livestock traffic on our division. We supply cars for that traffic, hauling them from available points. There is a considerable empty car haul with [fol. 512] our livestock traffic. The cars for this traffic are distributed by local trains in substantially the same manner as we distribute refrigerator cars for loading.

We have considerable traffic in tank cars. There is a considerable empty car haul in tank cars.

After the fruit trains leave Bakersfield the service is entirely over the main line tracks of the Santa Fe as far as Belen. That is as far as my jurisdiction extends. That is true of trains leaving San Bernardino.

Most of the traffic we pick up in the San Joaquin Valley is branch line traffic, considering the Visalia line as a branch. The Visalia line is not a stub-end line, but starts from a point on the main line of the Santa Fe and connects with the main line at another point. Some freight moving locally between Bakersfield and San Francisco may go over that route.

Redirect examination:

Wages paid enginemen and trainmen in 1917 were lower than those paid in 1926. Fuel costs in 1926 were higher than in 1917. In distributing our livestock cars we make special trips. The train crew usually waits until the train is loaded and then starts off. Sometimes it takes so long to load that the hours of service interfere. In that event we usually run a train immediately out of the terminal to pick up the stock that has already been loaded.

James J. Mahoney was thereupon called as a witness on behalf of defendants and, having been duly sworn, testified as follows:

I live at Kansas City, Missouri. I am Assistant Superintendent of Transportation of the Santa Fe Lines, which position I have held for approximately two years. I have been with the Santa Fe since 1912 in various capacities.

[fol. 513] I am familiar with the operations of the Santa Fe System Lines from Belen, New Mexico, eastward to the Chicago terminal.

At Belen all deciduous fruit trains are reclassified with reference to their final destination. Cars going north are cut out and forwarded on northbound trains.

[fol. 514] A large percentage of cars of deciduous fruits are billed to Belen for reconsignment and these are switched at this point to their destination. Many cars at Belen have

not been reconsigned before arrival and are therefore cut out and held for reconsignment. This involves the switching of practically all of the deciduous fruit trains arriving at Belen. An average of five cars per train are cut out at Belen.

The switching of trains involves the employment of additional men and engines.

It is inecessary to maintain helper crews at Belen by reason of the grades between that point and Mountainair, New Mexico.

The next stage in the transcontinental travel is the division between Vaughn and Clovis, which does not involve any extraordinary service except that it is a semiarid territory, involving heavy and expensive water problems.

At Clovis deciduous fruit trains are again subjected to extra handling and this is an important diversion point, where many cars are cut out.

The next intermediate terminal is Amarillo, Texas. This is a diversion point, and here cars are cut out of trains for diversions and annexed to connecting lines.

The next terminal is Canadian, Texas, and the continuous ascending grade at this point necessitates the use of helper engines.

The next division line is between Amarillo, Texas, and [fol. 515] Waynoka, Oklahoma, and the next division terminal at Wellington, Kansas. At Wellington there is an important diversion point involving additional switching. The entire movement at Wellington is over a single track railroad.

From Wellington to Chicago is that part of our railroad known as the "Eastern Lines"

Between Wellington and Argentine, Kansas, there are so many diversions made en route that it is necessary to completely reswitch trains and reclassify them.

Leaving Argentine another helper district is encountered, covering a short distance.

From Argentine to Marceline, Missouri, there is an 0.8% grade.

The next two divisions are between Argentine, Kansas, and Chillicothe, Illinois, and between Chillicothe and Corwith, the latter being the outer yard of Chicago.

There are some peculiarities in the handling of deciduous

fruits at final terminal. At Chicago deciduous fruit trains are received at the Corwith yard, which during the normal times and before the fruit movement becomes heavy, accommodiates all of the inbound and outbound traffic entering or leaving Chicago. When the fruit traffic becomes heavy, the Corwith yard is turned over almost entirely to fruit traffic and it is necessary to transfer the handling of regular traffic from the Corwith yard to the Nerska Yard, which is done at an added cost of operation, because this increases the number of switch engine assignments in this district. Extra switch engines are also required to handle the traffic in the yards, which, under normal conditions, is handled by crews and engines in main line train service without additional expense.

[fol. 516] Ordinarily the Chicago yards are operated on a systematic basis and on regular schedule. But when deciduous fruit traffic begins to move in volume, the whole performance requires changes because of the fast fruit schedules which will not admit of the ordinary delays incident to the usual traffic.

Deciduous fruit trains must be inspected for mechanical defects upon arrival. They must then be classified according to destination.

The document now shown to me, marked for identification as Defendant's Exhibit 116, is an aid in the explanation of classification transfer service and terminal switching that takes place at the Chicago terminal.

From this exhibit it will be seen that only 34.54 per cent move through to connecting lines on arrival. The remainder were billed to Chicago proper on arrival. 78.52 per cent of the cars billed to Chicago were reconsigned to eastern connections, but before this reconsignment took place 393 cars out of 1010 were first ordered to and were moved to our 21st street team tracks to take advantage of the Chicago market and inspection and sales privilege for the information of eastern buyers. This causes extra expense in switch movement over a distance of 5.6 miles and the return movement.

Out of the 793 cars 100 were reconsigned before they actually moved to the 21st street yard. Nevertheless this entailed the expense of carding and switching out these cars preparatory to the movement to the 21st street yard.

300 of the 793 cars were carded "hold" and switched to the "hold" track, and thereafter moved out and switched to [fol. 517] connecting lines at considerable expense. All cars that were forwarded east were re-iced upon arrival at Chicago.

Of the 1010 cars billed to Chicago only 217 were actually released at Chicago, of which 48 cars were first moved to the 21st Street yard.

Thereupon there was offered and admitted in evidence Defendant's Exhibit No. 116, which is in the following form:

[fol. 518]

EXHIBIT No. 116

Witness: Mahoney

I. C. C. Docket 19130

Statement Showing Disposition Made of Cars of Fruit Arriving Corwith Yard Using One GFX Train Daily, September 15 to October 15 1926, Showing Number Cars of Fruit in Train, Number of Cars Moving Through on Through Billing, Number of Cars Consigned Chicago, Number of Cars Diverted to Connections from Corwith Carded Team Track on Arrival, Number Cars Reconsigned to Connections after Placing to Team Tracks, Number of Perishable Released on Team Tracks, Number Cars Moved from Team Tracks to Auction House, Number of Cars Carded Hold on Arrival Reconsigned to Connections and Number of Cars Carded Hold on Arrival Ordered to Auction House

Date	Total fruit	Fruit carded thru on arrival	Fruit billed to Chicago	Fruit delivered Corwith to 21st St.	Fruit carded 21 reconsigned before moved to 21st St	Fruit at 21st St. reconsigned to connections	Fruit released at 21st St.	Fruit 21st St. reconsigned to auction house	Holds reconsigned to eastern connections	Holds reconsigned to auction house
9/15....	45	21	24	20	..	1.	5	2	3	1
16....	47	25	22	10	..	9	..	1	11	1
17....	32	17	15	9	1	5	2	2	2	3
18....	40	15	25	12	5	10	2	..	5	3
19....	54	10	44	41	..	40	1	..	2	1
20....	50	26	24	19	..	14	3	2	5	..
21....	44	15	29	15	1	9	3	3	13	..
22....	49	21	28	19	1	10	6	3	8	..
23....	51	13	38	14	1	8	3	3	23	..
24....	36	9	27	18	2	11	4	3	6	1
25....	64	17	47	29	2	18	7	4	16	..
26....	52	17	35	24	6	20	4	..	3	2
27....	81	29	52	41	2	28	10	3	9	..
28....	38	7	31	15	1	12	2	1	12	3
29....	50	17	33	15	9	14	..	1	7	2
30....	40	16	24	15	6	8	4	3	3	..

10/ 1....	50	20	30	19	4	10	8	1	7	..
2....	62	18	44	21	7	17	2	2	16	..
3....	43	16	27	11	6	8	2	1	8	2
4....	54	18	36	18	3	8	10	..	15	..
5....	47	17	30	16	2	5	7	4	12	..
6....	46	10	36	17	1	13	3	1	16	2
7....	76	31	45	17	11	12	5	..	17	..
8....	37	6	31	7	5	6	1	..	19	..
9....	68	25	43	30	6	16	12	2	5	2
10....	38	21	17	13	..	8	5	..	3	1
11....	51	11	40	28	3	16	12	..	7	2
12....	66	29	37	31	..	22	9	..	6	..
13....	39	8	31	14	4	9	3	2	12	1
14....	47	10	37	16	8	9	6	1	12	1
15....	46	18	28	8	3	5	..	3	17	..
Total...	1543	533	1010	582	100	393	141	48	300	28

NOTE.—1543 cars fruit received in the 31 trains.
533 cars fruit or 34.54 percent moved thru on arrival.
1010 cars fruit or 65.45 percent billed Chicago proper on arrival.
793 cars fruit or 78.52 percent of the 1010 cars originally billed Chicago were reconsigned to Eastern connections.
217 cars fruit or 21.48 percent of the 1010 cars billed Chicago released at Chicago.

[fol. 519] Of the deciduous fruit moving into Chicago disposed of at the auction house located on the Santa Fe Rails, the Santa Fe moves in about 20%. The remaining 80% arrives over other railroads and is reswitched over the 31st street and Western avenue yard via the Santa Fe. The cars, upon being released, are switched back.

The general operating conditions in Chicago switching district during the heavy deciduous fruit movement is detailed on the document marked for identification as Defendant's Exhibit 117. From this exhibit it appears that during the thirty-one day period described therein 181 trains moved into Chicago, handling 7110 cars of perishable freight. 62.07% were billed to Chicago proper on arrival. 37.93% moved through to connecting lines on arrival, of which 2166 cars were delivered to connecting lines through the Belt Railway of Chicago.

This exhibit further shows that on September 15th the accumulation at Corwith was only fifteen cars, which increased to 350 cars on September 25th, and fluctuated during the remainder of the period.

On September 15th there were 42 cars at the auction house team tracks, which subsequently increased to 63 cars on October 1st and fluctuated thereafter. The total cars on hand on September 15 was 176, increasing to 729 on September 27th and fluctuating in the interim and thereafter.

This exhibit also shows the total fruit diversions over this period of time, which involves switching and extraordinary switching service to accomplish the diversions.

[fol. 520] This exhibit also shows the number of cars awaiting disposition at Corwith, which were re-iced daily.

This exhibit also shows the number of cars billed to Chicago and subsequently reconsigned to eastern connections, and the number therof moved to the 21st street team tracks to take advantage of the Chicago market for inspection and sales.

Thereupon there was offered and admitted in evidence Defendants' Exhibit No. 117, which is in the following form:

(Here follows Defendants' Exhibit No. 117, marked side folio page 521)

[fol. 521] I. C.

Statement Showing Disposition Made of Cars of Fruit Arriving Corwith Yard Se
for Chicago Proper-Number Moving Through on Through Billing to Chicago
Re-icing at Corwith, Total Fruit Diversions, Number Unloaded on Team Track

Date 1926:	Number trains with perishable arrived Corwith	Total number perishable loads in train	Number for Chicago proper	Number billed to connection direct via Belt	Number for NYC-NKP direct	Number for GT direct
Sept. 15....	11	472	253	172	28	19
16....	6	207	115	66	14	12
17....	7	249	134	89	13	13
18....	9	300	148	113	21	18
19....	8	307	188	86	9	24
20....	6	191	119	56	10	6
21....	7	260	159	86	4	11
22....	7	278	191	69	6	12
23....	7	226	143	58	7	18
24....	8	308	196	82	11	19
25....	6	212	116	77	12	7
26....	4	151	93	46	3	9
27....	4	162	100	51	3	8
28....	4	164	113	41	7	3
29....	5	185	133	46	5	1
30....	5	185	122	56	4	3
Oct. 1....	6	202	129	57	10	6
2....	6	245	167	71	5	2
3....	3	158	100	49	7	2
4....	5	193	130	55	3	5
5....	5	211	129	71	4	7
6....	6	256	180	58	6	12
7....	5	291	198	73	10	10
8....	7	265	164	84	11	6
9....	5	209	133	57	8	11
10....	2	73	45	25	3	.....
11....	4	150	104	37	8	1
12....	5	223	130	79	6	8
13....	6	284	184	88	9	3
14....	5	227	148	66	9	4
15....	7	266	145	102	11	8
Total..	181	7,110	4,409	2,166	267	268
Avg. per day..	6	229	142	69	9	9

NOTE.—7,110 cars fruit received in the 181 trains.
2701 cars fruit or 37.93 per cent moved thru on arrival.
4,409 cars fruit or 62.07 per cent billed Chicago proper on arrival.

EXHIBIT No

Witness: Mal

[fol. 521]

I. C. C. Docke

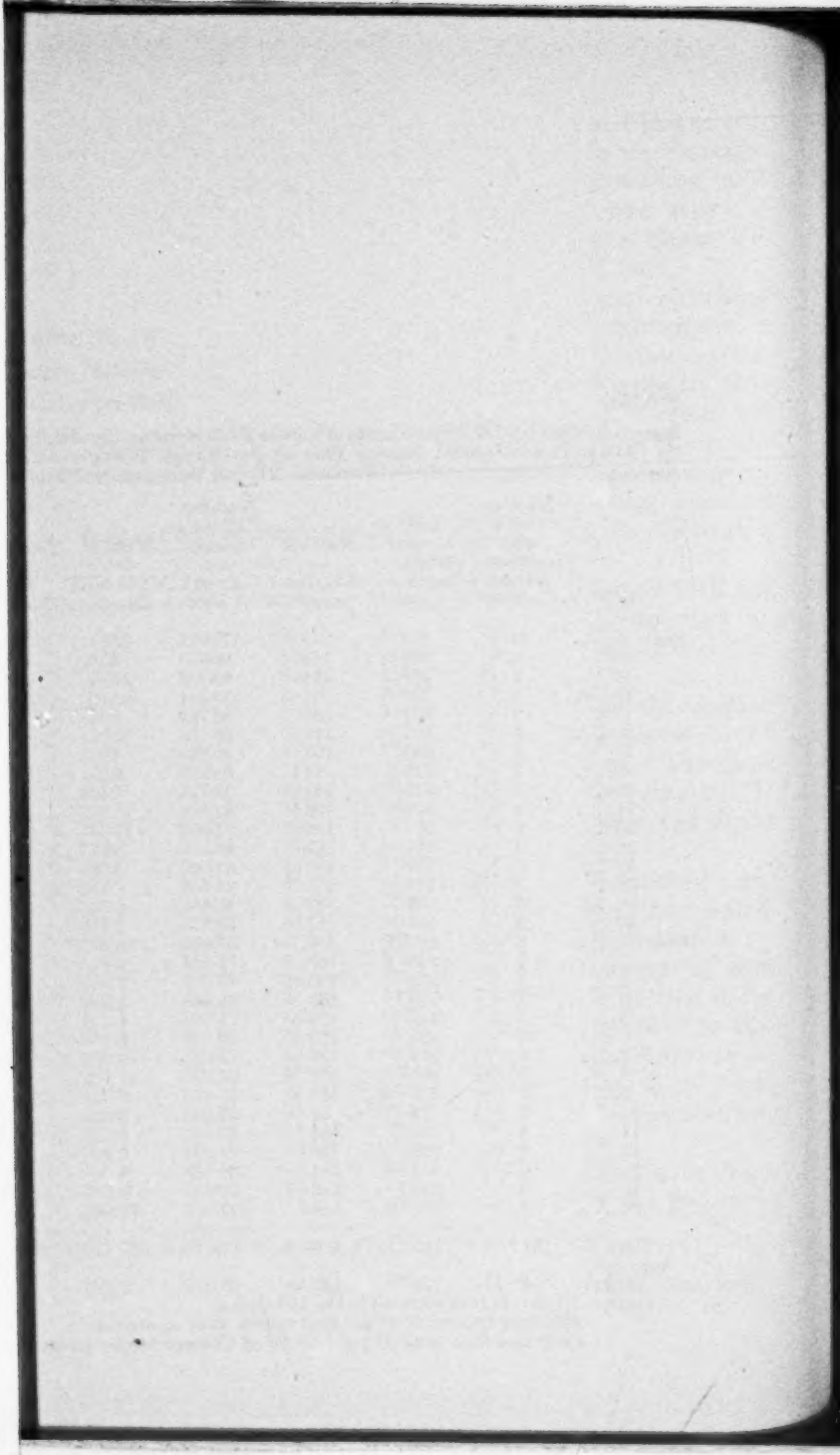
Statement Showing Disposition Made of Cars of Fruit Arriving Corwith Yard September 1
for Chicago Proper-Number Moving Through on Through Billing to Chicago Belt—NY
Re-icing at Corwith, Total Fruit Diversions, Number Unloaded on Team Track and Aucti

Date 1926:	Number trains with perishable arrived Corwith	Total number perishable loads in train	Number for Chicago proper	Number billed to connection direct via Belt	Number for NYC-NKP direct	Number for GT direct	Tota Corwith
Sept. 15....	11	472	253	172	28	19	15
16....	6	207	115	66	14	12	63
17....	7	249	134	89	13	13	63
18....	9	300	148	113	21	18	84
19....	8	307	188	86	9	24	95
20....	6	191	119	56	10	6	113
21....	7	260	159	86	4	11	150
22....	7	278	191	69	6	12	173
23....	7	226	143	58	7	18	256
24....	8	308	196	82	11	19	222
25....	6	212	116	77	12	7	350
26....	4	151	93	46	3	9	345
27....	4	162	100	51	3	8	330
28....	4	164	113	41	7	3	244
29....	5	185	133	46	5	1	231
30....	5	185	122	56	4	3	227
Oct. 1....	6	202	129	57	10	6	274
2....	6	245	167	71	5	2	296
3....	3	158	100	49	7	2	278
4....	5	193	130	55	3	5	283
5....	5	211	129	71	4	7	312
6....	6	256	180	58	6	12	226
7....	5	291	198	73	10	10	246
8....	7	265	164	84	11	6	264
9....	5	209	133	57	8	11	297
10....	2	73	45	25	3	.....	260
11....	4	150	104	37	8	1	227
12....	5	223	130	79	6	8	194
13....	6	284	184	88	9	3	240
14....	5	227	148	66	9	4	230
15....	7	266	145	102	11	8	260
Total..	181	7,110	4,409	2,166	267	268	6,848
Avg. per day..	6	229	142	69	9	9	221

NOTE.—7,110 cars fruit received in the 181 trains.
2701 cars fruit or 37.93 per cent moved thru on arrival.
4,409 cars fruit or 62.07 per cent billed Chicago proper on arrival.

to October 15, 1926, Showing Total Number Perishable Loads in Trains-Number -NKP-GT—Total Cars Fruit on Hand 8:00 A. M., Cars Requiring Additional n House, and Total Perishable on Team Track 8:00 A. M.

cars fruit on hand 8:00 A. M.			Cars requiring additional re-icing at Corwith	Total fruit diversions	Unloaded on team tracks	Unloaded at auction house
21st street	auction team track	Grand total				
119	42	176	33	88	8	5
153	49	285	52	96	6	10
210	58	331	51	96	3	9
192	26	302	37	123	7	.....
227	26	348	42	51	4	.....
321	58	492	64	116	5	24
329	55	534	77	181	9	9
289	51	513	62	156	16	7
227	39	522	128	163	12	13
289	35	546	75	71	8	6
298	13	661	44	100	32	.....
331	13	689	101	38	4	.....
366	33	729	41	139	11	17
359	47	650	130	157	20	16
345	57	633	109	141	21	12
373	52	652	63	126	13	12
360	63	697	132	133	19	11
351	28	675	72	184	40	.....
360	28	666	152	98	1	.....
381	48	712	101	23	19	21
305	46	663	143	170	33	9
310	55	591	179	91	29	12
319	50	615	88	80	25	14
349	47	660	119	160	21	8
311	25	633	148	148	79	.....
340	25	625	174	80	8	.....
357	38	622	39	31	33	10
361	34	589	104	51	18	9
355	44	639	81	176	29	9
338	52	620	76	84	21	14
356	53	669	115	154	20	9
9,581	1,290	17,719	2,832	3,505	574	266
309	42	572	91	113	18	8



[fol. 522] The delivery of perishable fruit to connecting lines through the Corwith Yard requires expedition and extra switching at a higher cost. Between September 15th and October 15, 1926, there was a total of 158 special trains handling 3523 cars of perishable fruit through the Corwith Yard to connecting carriers. This involved special service over and above the cost of interchanging regular traffic.

The average cost per car of interchanging deciduous fruit traffic between Corwith Yard and the Clearing Yard of the Belt Railway at Chicago was $1.02, as against 43¢ for regular traffic.

At Chicago deliveries are made to certain railways directly and not through the Belt Railway of Chicago Clearing Yard. This involves specialized service in the handling of deciduous fruit also. This involves the use of special runs to haul perishable freight and these special trains are utilized to some extent in bringing back freight to the Corwith Yard, but many cars are returned light. The average cost per car for this special service is $2.30; that is the switch engine service. The regular service maintained for delivering regular freight directly to the connecting carriers in Chicago involves an added cost of 86¢ per car. These figures are based upon costs covering all of the traffic, both perishable and general, between the Santa Fe, through the Belt Railway, and the Clearing Yard, in Chicago, between September 15th and October 15, 1926.

Deliveries are also made to the Grand Trunk Western line, otherwise than through the Belt Line Railway of the [fol. 523] Chicago Clearing Yard. All deliveries might be made through this yard were it not for the fact that it is convenient to deal with special runs to save time and insure connection where perishable freight is involved, and from September 15th to October 15, 1926, there were 81 special trips made in delivering 445 cars of perishable and 225 cars of other freight, which was accomplished at an expense of 94¢ per car. All of this freight could have been delivered through the Belt Line Railway in regular service at an expense not to exceed 26¢ per car, were it not for the necessity of quick delivery to avoid missing connections.

The handling of deciduous fruit coming at a time of the year when other business is normally heavy, puts an ex-

traordinary heavy burden on the carriers' service and the holding of it in readiness to protect this extraordinary movement.

In excess of 90% of serviceable engines are actually in service during the peak movement of deciduous fruit traffic, as against 75% of serviceable engines in use during the remainder of the year. All of this excess power is not attributable to the deciduous fruit traffic, but it is largely due to that fact.

The extraordinary development of the grape traffic in California has brought about the necessity for use of a great many refrigerator cars because of the short period of movement of the grapes.

At the end of the year 1919 we had in service 9802 refrigerator cars and since that time have purchased 10,500 additional cars. In addition, during the years 1925 and [fol. 524] 1926 it was necessary to increase the supply of refrigerator cars from other companies.

It is necessary to store a large number of these cars when the grape traffic is not moving.

A refrigerator car is not only the most expensive freight car built, exclusive of tank cars, but is expensive to operate by virtue of its construction for special service. It does not lend itself readily to the movement of miscellaneous freight.

The heavy demand for this class of equipment during the deciduous fruit movement, makes it necessary to operate these cars with a heavy empty return movement.

The document shown to me and marked as Defendants' Exhibit No. 128, shows that the percentage of empty westbound movement to the loaded and empty westbound movement rose from 58.27% in 1917 to 78.60% in 1926, the heavy increase in the percentage of empty cars moved, being coincident with the increased movement of grapes.

Thereupon there was admitted in evidence Defendants' Exhibit No. 128, which is in the following form:

[fol. 525]

EXHIBIT No. 128

Witness: Mahoney

I. C. C. Docket No. 19130

The Atchison, Topeka & Santa Fe Railway Company

Statement Showing Loaded and Empty Mileage of SRFD Cars, West-bound, between Chicago and California Points and per cent of Empty Mileage to Total, Years 1917-1918-1922-1923-1925-1926

Month	Year	Loaded	Empty	Total	Per cent empty
January	1917	2,613,464	3,300,052	5,913,516	55.81
	1918	2,092,986	236,984	2,329,970	10.17
	1922	2,148,356	2,792,863	4,941,219	56.52
	1923	2,883,670	6,699,770	9,583,440	69.91
	1925	2,296,748	4,870,345	7,167,093	67.95
	1926	2,347,688	10,046,333	12,394,021	81.06
February	1917	2,491,650	2,283,459	4,775,109	47.82
	1918	1,656,670	1,940,165	3,596,835	53.94
	1922	2,155,001	1,780,699	3,935,700	45.24
	1923	2,329,970	2,088,556	4,418,526	47.27
	1925	2,053,120	2,042,045	4,095,165	49.87
	1926	2,236,948	6,088,485	8,325,433	73.13
March	1917	2,992,195	6,055,263	9,047,458	66.93
	1918	2,101,845	1,517,138	3,618,983	41.92
	1922	2,555,879	4,046,440	6,602,319	61.29
	1923	2,967,832	6,219,158	9,186,990	67.70
	1925	2,513,798	4,400,808	6,914,606	63.65
	1926	2,527,087	5,698,680	8,225,767	69.28
April	1917	3,094,076	4,640,006	7,734,082	59.91
	1918	2,478,361	3,260,186	5,738,547	56.81
	1922	2,728,634	3,539,250	6,267,884	56.47
	1923	3,138,372	7,926,769	11,065,141	71.64
	1925	2,485,006	5,769,554	8,254,560	69.90
	1926	2,549,235	8,918,999	11,468,234	77.77
May	1917	3,240,252	5,253,506	8,493,758	61.85
	1918	2,883,670	108,525	2,992,195	3.63
	1922	3,003,269	2,848,233	5,851,502	48.68
	1923	3,377,570	7,260,114	10,637,684	68.25
	1925	2,575,812	4,932,360	7,508,172	65.69
	1926	2,571,383	7,178,167	9,749,550	73.63
June	1917	3,240,252	5,968,886	9,209,138	64.81
	1918	2,759,641	1,120,689	3,880,330	28.89
	1922	2,792,863	2,939,040	5,731,903	51.28
	1923	3,056,424	5,75$,836	8,808,260	65.28
	1925	2,374,266	4,540,340	6,914,606	65.66
	1926	2,279,029	6,921,250	9,200,279	75.23
July	1917	3,962,277	5,472,771	9,435,048	58.00
	1918	2,194,867	1,322,236	3,517,103	37.59
	1922	3,098,505	4,420,741	7,519,246	58.79
	1923	3,300,052	5,014,307	8,314,359	60.31
	1925	2,358,762	9,886,867	12,245,629	80.74
	1926	2,617,894	7,031,990	9,649,884	72.87
August	1917	3,426,296	2,947,899	6,374,194	46.26
	1918	2,141,712	3,798,382	5,940,094	63.94
	1922	3,067,498	1,315,591	4,383,089	30.02
	1923	3,032,061	5,935,664	8,967,725	66.19
	1925	2,338,829	8,799,400	11,138,229	79.00
	1926	2,883,670	13,707,397	16,591,067	82.62
September	1917	2,467,287	3,842,678	6,309,965	60.90
	1918	1,796,203	6,084,056	7,880,259	77.21
	1922	2,447,354	5,215,854	7,663,208	68.06
	1923	2,726,419	9,337,597	12,064,016	77.40
	1925	2,453,999	10,828,157	13,282,156	81.52
	1926	2,312,251	8,737,386	11,049,637	79.07

EXHIBIT No. 128—Continued

Witness: Mahoney

I. C. C. Docket No. 19130

The Atchison, Topeka & Santa Fe Railway Company

Statement Showing Loaded and Empty Mileage of SRFD Cars, West-bound, between Chicago and California Points and per cent of Empty Mileage to Total, Years 1917-1918-1922-1923-1925-1926

Month	Year	Loaded	Empty	Total	Per cent empty
October.....	1917	2,910,247	3,993,284	6,903,532	57.84
	1918	1,751,907	4,048,654	5,800,561	69.80
	1922	2,741,922	10,708,558	13,450,480	79.61
	1923	2,684,338	17,751,622	20,435,960	86.86
	1925	2,019,898	22,978,550	24,998,448	91.12
	1926	2,345,473	13,151,483	15,496,956	84.86
November.....	1917	3,231,393	2,996,624	6,228,017	48.12
	1918	1,563,649	4,487,185	6,050,834	74.16
	1922	3,554,754	8,332,078	11,886,832	70.09
	1923	2,956,758	12,480,398	15,437,156	80.85
	1925	2,276,814	12,617,716	14,894,530	84.71
	1926	2,724,024	7,920,125	10,644,329	74.41
December.....	1917	2,631,182	3,920,196	6,551,378	59.84
	1918	1,510,494	1,793,988	3,304,482	54.09
	1922	3,300,052	5,623,377	8,923,429	63.02
	1923	2,958,973	5,975,530	8,934,503	66.88
	1925	2,354,332	9,184,776	11,539,108	79.60
	1926	2,624,538	14,890,100	17,514,638	85.02
		Recapitulation			
	1917	36,300,571	50,674,624	86,975,195	58.27
	1918	24,932,005	29,718,188	54,650,192	54.38
	1922	33,594,087	53,562,724	87,156,811	61.46
	1923	35,412,439	92,441,321	127,853,760	72.31
	1925	28,101,384	100,850,918	128,952,302	78.21
	1926	30,019,400	110,290,395	140,309,795	78.60

[fol. 526] Cross-examination:

Referring to Exhibit No. 128, the last column shows the percentage increase of the empty west-bound movement of refrigerators to the total west-bound movement of refrigerators. In other words, 78.60 is the percentage which the empty west-bound refrigerator mileage bears to the total west-bound refrigerator mileage loaded and empty.

Our east-bound mileage of refrigerator cars from California is practically all loaded mileage. Normally, we are not moving empty refrigerator cars from California to the East.

The total east-bound refrigerator movement and the west-bound refrigerator movement, loaded and empty, is about the same. The total annual east-bound movement is approximately 140,309,795 loaded and empty car miles.

Between 1917 and 1926 there was a great increase in our empty refrigerator mileage west-bound. This was due to the increase in east-bound perishable traffic from California, which increased more rapidly than the west-bound transcontinental traffic and the increased number of cars in the service. If the west-bound transcontinental traffic were increasing at the same rate as is the east-bound perishable traffic, our empty car mileage west-bound would not be quite so great.

In December, 1926, the west-bound empty mileage of refrigerator cars was 14,809,100. This was a movement to California for storage purposes, to protect some deliveries and get cars off of the eastern and western lines, where we have no storage facilities. It is also to care for the return movement, loaded, east-bound, originating in the vicinity [fol. 527] of California. This is not entirely for the deciduous fruit traffic. Deciduous fruit traffic does not start appreciably until May.

I would not say that the west-bound movement of refrigerator cars in December was to take care of the east-bound deciduous fruit traffic. The cars move out to protect any perishable loading originating there to get cars off of our congested eastern and western lines. I am not willing to say that it is not to take care of the deciduous fruit movement, because we move them out in January and do not utilize them until June.

The Santa Fe handles about 30,000 cars of citrus fruit out of California annually. That movement is largely from December into May or June. We handle a considerable volume of winter vegetables from California, starting in January and extending up to April. We have to take cars to California to protect that loading.

Our citrus fruit and vegetable traffic on the Santa Fe is in excess of our deciduous fruit movement. We handle about 25,000 cars of deciduous fruits and about 22,000 of citrus fruits, and the balance vegetables and miscellaneous perishables, annually. The vegetables amount to about 10,000 to 12,000 cars.

On an average we have in storage on our entire system some five or six thousand refrigerator cars throughout the greater part of the year, out of a total supply of 17,414. About one-third of our refrigerator cars are in storage

and two-thirds engaged in hauling traffic. The only qualification of this statement is that in the fall that equipment handles a large movement of deciduous fruit, with the [fol. 528] result that practically all of our cars are busy.

At times of the year our box car equipment is largely in storage. We begin to store them the latter part of April or May, for the movement of the grain traffic. The traffic commences to move around the latter part of June or the first of July. It reaches its peak around the 15th or 20th of July.

The peak of the grain movement is in the latter part of August. During the grain moving season practically all of the box car equipment is being used.

We also accumulate and store box cars to care for the cotton and hay crops.

Our box cars are usually utilized continually in service throughout the year and this is also true of our gondola cars and livestock cars.

Prior to the increase in the deciduous fruit traffic during the past four or five years there was not, to my knowledge, a great deal of idle time for the refrigerator cars. Our refrigerator cars are more busily employed during the year in taking perishables from California at the present time than they were ten years ago.

V. S. Andrus was thereupon recalled and testified as follows:

Cross-examination:

The mileage of freight helper districts east-bound is relatively greater by a slight fraction on the Southern Pacific Los Angeles-El Paso route than on the San Francisco-Ogden route.

We have expedited service in banana trains. In fact, on the average the banana trains make a little better speed than the deciduous fruit trains. We run banana trains in expedited service for as many as ten cars. It is frequently necessary to put extra cabooses on our trains to take care of banana messengers who have free transportation privileges.

[fol. 529] It appears from Sheet 18 of Exhibit No. 109 that from about June 15th to November 20th, a period in excess of five months, there are only nine days upon which there were less than one hundred cars of fruit for eastbound movement and at times the movement reached very much higher figures. It also appears that after the tree fruits reach their peak and begin to taper off they merge into the early grape movement which finaly reaches a peak of several weeks in September or October. As a matter of fact, I do not know of any deciduous fruit movement in the United States that is nearly as great in volume as this deciduous fruit movement from California to the East. I do not know of any deciduous fruit movement which is so persistent.

After our cars leave Roseville there is no branch line service between there and Ogden.

[fol. 530] G. H. NELSON was thereupon called as a witness on behalf of the defendants, and, having been duly sworn, testified as follows:

I am the Manager of the Santa Fe Refrigerator Department. I have held that position since September, 1918. Prior to that time I was in the employ of the Santa Fe Refrigerator Department, the Santa Fe Refrigerator Dispatch Company and the Santa Fe Fruit Refrigerator Lines since 1898.

The document now shown to me marked for identification as "Defendants' Exhibit No. 130," shows the extent to which deciduous fruit, grapes, apples and citrus fruit were diverted during the years 1925 and 1928.

Thereupon defendants offered and there was submitted in evidence "Defendants' Exhibit No. 130," which is in the following form:

[fol. 531]

EXHIBIT No. 130

Witness: ———

I. C. C. Docket No. 19130

Atchison, Topeka and Santa Fe Railway Company, Santa Fe Refrigerator Department

Statement of Reconsignments and Diversions on Cars of Deciduous Fruits, Grapes, Apples, and Citrous Fruits from California During the Years 1925 and 1926

1925	Total shipments	Cars diverted	Number of times diverted								Total diversions handled
			Once	Twice	Three	Four	Five	Six	Seven	Eight	
Deciduous fruit	2,348	1,506	1,079	303	86	26	9	3	..	..	2,110
Grapes	27,395	20,440	17,265	2,740	380	47	7	1	..	..	24,114
Apples	53	25	18	6	1	0	0	0	0	0	33
Citrus	19,644	10,628	7,280	2,309	792	187	44	14	0	0	15,326
Total	49,440	32,599	25,642	5,358	1,259	260	60	18	..	..	41,583
1926											
Deciduous fruit	1,606	883	690	156	36	1	0	0	0	0	1,114
Grapes	21,642	16,685	13,126	3,005	429	74	23	21	6	1	21,010
Apples	199	106	61	34	10	1	0	0	0	0	163
Citrus	25,198	14,879	10,542	3,093	964	230	45	4	1	0	20,796
Total	48,645	32,553	24,419	6,288	1,439	306	68	25	7	1	43,083

[fol. 532] Certain commodities are excluded from refrigerator cars on account of damage for many reasons either to the car or freight by reason of loading. This is true of any freight liable to damage from dampness or rust, unless the car is perfectly dry, such as castings, iron, musical instruments, stoves and tin plate; also any freight, the odor of which may unfit the car for perishable freight, including empty barrels, previously used for beer or oil, bones, rancid butter (except in carload, under refrigeration), old empty butter-tubs, creosote, fertilizers, etc.; any rough or heavy freight that may damage the interior of the car, such as brick, car wheels, castings, lumber in carloads (except shingles and shooks in bundles), etc.; freight, which by its nature or method of loading may cause the lining or insulation of a car to become wet or contaminated. Many articles cannot be loaded in a fruit or vegetable refrigerator car either on account of the weight capacity, cubical capacity, restricted door opening or liability or injury to either car or commodity.

Prior to the war our westbound movement of refrigerator cars consisted of 80 to 82 or 83 per cent load, the balance empty. Since the war and since the Panama Canal has been constructed the situation is practically reversed and our empty mileage runs around from 75 to 80 per cent. The peculiar characteristic of the deciduous fruit traffic has affected the percentage of empty westbound movement of refrigerator cars, because of the increase in refrigerator car supply to haul the peak, which necessitates movement of that many more cars westbound. In addition, we have had to accumulate the cars with more rapidity and they cannot, therefore, wait for a load if there [fol. 533] is one during that particular period of the year. The empty westbound movement of refrigerator cars in December is chargeable to all the perishable traffic moving from California, including deciduous fruits. If the deciduous fruit were distributed as evenly over the year as citrus fruit, we could get along with about 6000 less refrigerator cars.

Cross-examination:

Exhibit No. 130 shows that in 1926 the number of cars of grapes diverted twice was 3,005 and the corresponding

number of cars of citrus fruit was 3,093. The number of cars of grapes diverted three times was 429, as compared with 964 in the case of citrus fruit.

Prior to 1917 the Santa Fe did not have much deciduous fruit traffic from California. The annual movement via the Santa Fe during that period was between 1,500 and 3,000 cars. In 1927 it was about 30,000 cars and in 1926, approximately 25,000.

[fol. 534] W. R. Armstrong was thereupon called as a witness on behalf of the defendants and, having been duly sworn, testified as follows:

I am General Superintendent of the Los Angeles & Salt Lake unit of the Union Pacific Railroad. I have been in the railroad business about thirty-seven years, twenty-five of which was in the engineering and construction department and twelve as Superintendent and General Superintendent.

On this line between Los Angeles and Salt Lake City there are numerous grades requiring the use of helper service. Beginning at Los Angeles there is a helper district from San Bernardino to Summit of 25 miles, another from a point near Sands of 19 miles, another from a point near Carp to Crestline and another between Ogden and Wahsatch.

The Los Angeles & Salt Lake unit of the Union Pacific System has very heavy grades and curvatures. There are helper grades on this unit requiring three helpers on ordinary tonnage trains between San Bernardino and Summit and three helpers on the grade near Sands.

That portion of the road near Crestline runs through a canyon with heavy grades and sharp curves, involving heavy cost of construction, including sixteen tunnels and heavy rails.

Between Los Angeles and the Missouri River there are three high mountain ranges which are crossed, involving heavy operation costs.

The perishable fruit schedule on the Union Pacific System from Colton to Chicago is 154 hours. Colton is the [fol. 535] assembling point. In gathering up deciduous

fruit cars the Los Angeles and Salt Lake unit receives deliveries from connections at Los Angeles and pick-ups at various loading stations between Los Angeles and San Bernardino and pick-ups at Colton.

The fruit from the Los Angeles connections, the pick-up service between Los Angeles and San Bernardino and that received from connection in Colton is consolidated into one or more trains in San Bernardino. The average number of cars handled in this fruit block east of San Bernardino is about 35.

It is necessary to ice the deciduous fruit cars before leaving San Bernardino and again at Las Vegas and Milford. These cars must also be inspected.

On the Union Pacific System these fruit trains are broken up necessarily at Laramie, Wyoming, for the purpose of taking out shipments to Denver and to connections at that terminal.

The trains are also broken up at North Platte, Nebraska, where shipments to stations south of that point are taken out. At Council Bluffs these trains are broken up to release them for delivery to various connecting railroads.

It is also necessary to switch out of these shipments cars of fruit that have been ordered for diversion, and to switch into them other cars previously held out and diverted and then ready for shipment.

The nature of the territory through which the Los Angeles & Salt Lake unit of the Union Pacific runs has difficult water conditions. There are some 47 stations for which water supply is secured largely from wells. At 28 of these stations the wells range from 300 to 900 feet in depth. At eleven of these stations it has been necessary to treat the water. In addition, it has been necessary, during certain periods of the year, to purchase water from [fol. 536] Salt Lake City. In some cases large pumping plants and long pipe lines have been necessary for water supply.

There have been heavy expenditures on the Los Angeles & Salt Lake Railroad because of water and flood conditions.

Weather conditions, particularly in Wyoming, in the winter have been exceedingly costly and have necessitated the construction of concrete snowsheds.

Cross examination:

There are also favorable operating conditions on the Los Angeles & Salt Lake unit and the Union Pacific System. All of the deciduous fruit which we originate, originates at main line points. There are two branches in Southern California where some of it is originated. So far as I know, all of the deciduous fruit originated by the Los Angeles & Salt Lake Unit of the Union Pacific in California comes from main line points. No branch line service is involved in the shipment of deciduous fruit in California by this unit. After the fruit arrives at Salt Lake City it passes over main line trackage entirely to Ogden, and after it leaves Ogden over main line trackage to Granger. At Salt Lake City the Union Pacific picks up deciduous fruit brought in by the Western Pacific, and at Ogden brought in by the Southern Pacific. At Granger the Union Pacific picks up deciduous fruit originating in the Northwest. From Granger to the Missouri River there is a hugh stream of this consolidated deciduous fruit traffic moving over our main line tracks. That is a favorable operating condition.

As a general rule, when we are shipping deciduous fruit from California to Eastern points, we have no snow trouble. Our weather conditions are usually more favorable to [fol. 537] economical operation during the period of deciduous fruit movement.

The total movement of deciduous fruit on the Los Angeles and Salt Lake Unit of the Union Pacific to transcontinental territory was 680 cars in 1926. That would make about 25 or 30 fruit trains if it was concentrated, but, of course, it was not. When we do not have enough cars to make reasonably complete tonnage of freight, we fill out with manifest or dead freight.

There is not any peak to the deciduous fruit movement on the Los Angeles and Salt Lake Unit. We have some eastbound empty car haul in October. The automobile cars largely go back empty. The stock cars and oil cars have an empty mileage about equal to their loaded mileage.

When our manifest trains move over the Union Pacific System from Ogden to Omaha, the stuff to Colorado points and short of Topeka is switched out at Laramie. That

operation is identical with the operation performed in connection with the fruit traffic. When the manifest train arrives at North Platte, Kansas City stuff is switched out. That operation is about the same as the operation portrayed in connection with the deciduous fruit business.

H. M. EICHOLTZ was thereupon called as a witness on behalf of the defendants and, having been duly sworn, testified as follows:

I am Assistant General Manager of the Chicago & Northwestern Railway Company. I have had 37 years railroad experience as telegrapher, train master, division superintendent, assistant general superintendent and assistant general manager, which position I have held for a little over [fol. 538] two years. The Chicago & Northwestern Railway has a line extending from Chicago to Omaha. This is a double track line. It also has extensive terminal facilities and yards in the City of Chicago. Our company gets this deciduous fruit traffic at Council Bluffs. The California deciduous fruit moves in heaviest volume during the months of September and October and is received by the Chicago & Northwestern Railway from the Union Pacific Railroad at Council Bluffs Transfer, Iowa, and from that point is transferred by switch engines to the yards of the Chicago & Northwestern Railway at Council Bluffs, a distance of 1.86 miles through the center of the City of Council Bluffs and over many railroad and street crossings at grade.

Production centers are estimated and believed to be conservatively determined.

There is considerable congestion at Council Bluffs on account of there being no facilities at the transfer suitable for making up road trains for the Chicago & Northwestern [fol. 539] Railway, the cars of fruit not being delivered in trainload lots by the Union Pacific Railroad. To add to the difficulty of handling at Council Bluffs, routing instructions require splitting up from among 3 to 7 lines. During the first ten days of September an actual count of the trains from the Union Pacific and the assignment of the cars of

fruit in those trains shows 131 trains with 4,405 cars were distributed as follows:

6 trains, each split between 3 roads;
17 trains, each split between 4 roads;
35 trains, each split between 5 roads;
53 trains, each split between 6 roads;
20 trains, each split between 7 roads,

so that even though full trains of fruit of fairly heavy tonnage for one engine are received from the Union Pacific Railroad, they are broken up into small lots to be handled east from Council Bluffs by three to seven different railroads. By reason of this split it is necessary for the Chicago & Northwestern Railway to hold most of their trains to consolidate in them cars from two or more Union Pacific trains and this requires the Chicago & Northwestern Railway to mark time on their allotment of 31 hours from the time of receipt from Union Pacific Railroad of the first of two or more consignments, necessitating a much more expedited service on these consolidated trains.

The time schedule required of the Chicago & Northwestern Railway is 31 hours out of the total schedule from concentrating points in California to Chicago. Of this 31 hours, 2 hours is required for the transfer and make up into trains at Council Bluffs, 2 hours for icing at Clinton, Iowa, and 2 [fol. 540] hours for delivery at Chicago, leaving 25 hours running time, making an average running speed of 19 miles per hour necessary. This is a very exacting schedule. The small lots received and the high schedule speed do not permit full tonnage to be hauled in these trains; in fact, during the month of September, 1926, there were operated 46 trains of fruit averaging 462 tons light of even the fruit train rating, because it was arbitrarily necessary to run the trains in order to maintain our allotted time and with no fruit or other cars available with which to fill out.

During the month of September, 1926, there were 213 trains delivered to Chicago & Northwestern Railway at Council Bluffs, in which there were 7,545 cars of fruit, 7,511 of which were deciduous fruit. These 7,545 cars carried a total fruit tonnage of 314,412 tons, and a total train tonnage of 480,799 tons. This shows that these trains were

light of the full tonnage rating of the trains to the extent of 104,951 tons.

There was an average of 35.4 cars of fruit in each train. Had these fruit trains had the full tonnage of 2,750 tons there would have been a saving of 38 trains, or 18,506 train miles east. The predominating tonnage is east at this time. Hence the 38 extra trains east require the same number of trains running light west to return the crews and provide for additional fruit trains, making 18,506 extra train miles west. This means a total of 37,012 train miles lost on account of the necessity of operating faster than 40 hours from Council Bluffs to Chicago, as that is the time required for a train of 2,750 tons.

It is also necessary to maintain additional switch engines daily at Council Bluffs to handle fruit, not as the result of [fol. 541] the extra business, but to avoid detention and maintain the 31 hour schedule to Chicago.

This schedule necessitates a speed of 19 miles per hour of deciduous fruit trains. This is faster than the economical speed of freight trains which is between 12 and 15 miles per hour, and the increase in speed is secured at greatly increased cost per train mile. In addition, there is a necessary reduction in train load to enable us to maintain this speed and a resulting 18.8 per cent reduction in the output per train mile.

The excessive train miles required to move deciduous fruit results in a corresponding movement of trains westward light of the usual westbound tonnage to balance the power, that is, to return the engine and crews to the west end for other trains of fruit, making a grand total of 228,890 excess train miles.

From Council Bluffs the deciduous fruit is carried across the states of Iowa and Illinois, a distance of 486.5 miles to Chicago, on a double track main line. This crosses the Mississippi River Valley at right angles. It is necessary on this route to operate over a continuous succession of short choppy undulating grades, only a few of them very long or steep. In no locality is economical use of helper service possible, nor is there any chance of reducing the grade, except at prohibitive cost. It is a difficult line to operate economically, and is at the same time most con-

ducive to heavy maintenance cost. From Council Bluffs to Clinton there is 2,250 feet of rise and fall, and 3,008 degrees of curvature.

Upon completing our haul, we reach the congested Chi- [fol. 542] cago terminals, the operations in which constitute one of the most expensive which we are forced to perform, and for which we receive no compensation above the line haul rate. It requires special handling at every point, as delays, or the handling in regular schedule transfer service would invariably involve claims for delay on account of market fluctuations.

At Proviso Yard, after fruit trains have been checked for reconsignments, hold orders, etc., they are switched to tracks for delivery to eastern connections through the Indiana Harbor Belt Railroad, to our hold yard in the City of Chicago (known as California Avenue), Clinton Street, Morgan Street, or other team tracks in accordance with billing instructions, and then moved by transfer crews to these destinations. Expedited terminal service is required on all fruit which involves the time of many crews, over and above what would be necessary in its movement if it were ordinary freight.

From Proviso Yard our road goes to 40th Avenue, Chicago shops and California Avenue yard. East of that is Clinton Street and near the lake is a station called State Street. South of the main line there are stations known as Wood Street and 16th Street. All the trackage between the Des Plaines River and Clinton Street is elevated, excepting the line from Ada Street, a distance of about two miles. The line from California Avenue south to Wood Street and east to 16th Street is also elevated. This section is considered a congested area. This is part of the congested Chicago switching district.

The handling of reconsigning orders on fruit is an expensive task, for which no charge is paid by shipper or con- [fol. 543] signee. During 1926, the following reconsignments were effected on deciduous fruit upon orders of shippers or consignee, many of which might have been second, third, or even more diversions on the same car.

En route Council Bluffs to Chicago	762 cars
At Proviso Yard	1,927 cars
At California Avenue hold yard	6,398 cars
At Clinton Street team track	226 cars
At Morgan and Sixteenth Streets team tracks	1,128 cars
Total	10,441 cars

Reconsigning orders after being received by telephone or otherwise, are written on reconsigning forms. If the cars are en route we wire reconsigning order to Assistant Superintendent, Clinton, Iowa, for execution, and telephone the same order to our agents at Proviso Yard and California Avenue hold yard. These orders are confirmed by letter.

All cars reconsigned are indexed in a record book with proper file reference so that the file can be readily located.

These transactions at Clinton, Proviso Yard and California Avenue hold yard, involve careful scrutiny of all way bills and the comparison of car numbers on way bills with reconsigning orders, there being at times as many as 250 reconsigning orders on hand at one time. This reconsigning feature in connection with the handling of deciduous fruit alone, requires the Railway Company to employ an expensive clerical force, as well as additional telegraph and telephone facilities to handle promptly and often then at the exclusion of, or delay in the handling of its other regular business because of the great importance of the railway [fol. 544] company protecting itself against penalties. High-class employees, paid a little higher rate of pay than the ordinary clerk are required for this work. Twenty-five per cent of all the reconsignment orders effected by our line on carload freight was on deciduous fruit. In other words, during the year 1926, we effected reconsignment orders on 10,441 cars of deciduous fruit, or on 28 per cent of all the cars of fruit received through Council Bluffs, including both deciduous and citrus, as against effecting reconsignment orders on 1.8 per cent of all other cars handled during the year, most of which we receive payment for. This indicates the preferred attention on part of the railway in handling deciduous fruit, as compared to other commodities and for which we receive no compensation.

Cars of deciduous fruit reconsigned while in hold yard at California Avenue, or team tracks at Clinton Street and

at Morgan Street, when the destinations involve delivery to eastern railroads, involve a very intricate and expensive service for the reason that 90 per cent of these diverting orders are received after 11:00 A. M. and cars must then be switched out from among many other cars, billing changed and checked and cars must all depart from California Avenue by 12:30 P. M. in order to reach connecting lines in time ot leave on their expedited trains that same evening.

Of the fresh fruit from the West arriving at Chicago during the year 1926—62 per cent was delivered to Eastern connections in the first instance; 2 per cent was destined to points north of Chicago, and 36 per cent for delivery to consignees at Chicago.

Included in the above 36 per cent were 8,256 cars of de- [fol. 545] ciduous fruit arriving at our various hold yards and team tracks in Chicago, which were disposed of as follows:

4.5 per cent unloaded.

54.6 per cent reconsigned to eastern points.

4.9 per cent reconsigned to other team tracks.

23 per cent reconsigned to fruit auction located on A. T. & S. F. rails.

5.7 per cent reconsigned to various cold storage houses in Chicago.

7.3 per cent reconsigned to various stations on our line, north and west of Chicago.

That refers to the second operation; after arriving at Chicago Terminal there may have been other reconsignments.

One of the elements of service is the icing of fruit while being held for disposition, or unloading.

The detention to deciduous fruit at our California Avenue hold yard for 15 days in September, 1926, averaged 3¾ days per car. This detention is for the shippers or consignees convenience. During the year 1926, due to this holding of cars, we had to reice at California Avenue hold yard 496 cars the second time; 205 cars the third time; 51 cars the fourth time; 17 cars the fifth time, 11 cars the sixth time; 1 car each the seventh and eighth time, and one car the ninth time during their sojourn in that yard.

We have actively attacked the problem of freight claims by discipline, lectures, moving pictures, impact recorders, etc., which has resulted in a reduction of claims on traffic in general; nevertheless, in 1926, we paid out $1,159,734 in freight claims of which 9.5 per cent was on fresh fruits other than citrus, the largest proportion being on Califor- [fol. 546] nia deciduous fruits. The claims of the latter were about 20 times as heavy per net ton as they were for all other car load freight.

The Chicago & Northwestern Railway with other Western Trunk Lines has been severely affected by lack of revenues. In 1926 the Chicago & Northwestern Railway earned 4.21 per cent on its book value plus material and supplies and cash as of December 31, 1925, as against 4.45 per cent for the Western District as a whole, 5.48 per cent in the Southern District, 5.68 per cent in the Eastern District, and 5.13 per cent for the United States as a whole.

Increases in pay which have been forced on this company in the three years since 1923 have resulted in the net increase up to 1926 of 2.4 per cent in the rate per hour of all employees. We have been obliged to grant certain other increases since 1926 which will further increase our payroll $974,700.00 per year.

[fol. 547] Cross-examination:

That portion of our system which has the highest density of traffic is between Milwaukee and Chicago. The next highest traffic density is on the Chicago-Omaha portion of our system. The bulk of this deciduous fruit which is received at Council Bluffs moves entirely over our main line to Chicago.

Our Chicago terminals have been congested for a considerable period of time. There has been a gradual increase in the congestion there. It was seriously congested in 1923, and at that time the terminal facilities there were inadequate.

The proviso Yard has been inadequate for at least five or six years; for about ten years.

In the past three years we have spent upwards of $5,000,000 in additions to the Proviso Yard. It is about three years since substantial additions to the Proviso Yard have

been made. At the present time we are enlarging the terminal yard at Proviso at a cost of about $15,000,000, one-third of which has already been expended. Exclusive of this, it has been more than ten years since the Proviso Yard was substantially enlarged.

28% of all the fruit received through the Council Bluffs gateway is deciduous fruit. 25% of all total reconsigning orders of all system carload freight was deciduous fruit during the year 1926.

The most economic delivery of fruit to connecting carriers is through the Proviso Yard.

Our traffic between the Missouri River and Chicago is predominantly eastbound. We have a heavy livestock movement eastbound to Chicago over our line and there is a considerable empty car haul westbound in connection with that movement.

[fol. 548] The livestock schedule from South Omaha stockyards to Union Stockyards, Chicago, is 36 hours.

Our fresh meat schedule from Missouri River to Chicago is slightly faster than the fruit schedule.

In view of the expedited character of the schedule of fresh meat trains, it is below the full engine rating capacity to about the same extent as the fruit trains, but they come at a season when there is less interference en route, permitting us to make a faster schedule than with the fruit trains. We take this traffic into the Proviso Yard before making delivery to eastern connections. That is the same Proviso Yard to which I was referring in discussing the fruit traffic.

Grain, Potatoes, citrus fruits and cantaloupes are frequently held for inspection and reconsignment for delivery in Chicago.

Counsel for the carriers stated that the carriers do not intend to use the icing service in justification of the freight rates on deciduous fruits, because that service is properly included in the refrigeration charge, and it is not intended to create thte inference that such service is really a matter of expense on the freight service.

Thereupon W. S. Cooper was called as a witness on behalf of defendants, and having been duly sworn, testified as follows:

I am an employee of the receivers of the Chicago, Milwaukee & St. Paul, in the capacity of Assistant to the General Manager. I have had over forty years railway experience. I have been a telegraph operator, train master, superintendent, assistant general superintendent, general superintendent and assistant to general manager.

[fol. 549] This railway operates a line from Council Bluffs to Chicago.

So far as this line is concerned it serves the same general territory as the Chicago Northwestern.

The St. Paul does not receive fruit traffic in Council Bluffs in solid trains. This traffic is received and handled by the St. Paul Railway in the same manner as Mr. Eicholtz has described it is handled by the Chicago Northwestern Railway.

The movement of this fruit requires special or extra train service on faster schedules and with lighter train loads than for common or non-perishable freight and requires extra service switching cars for re-icing. The average schedule for non-perishable freight, Council Bluffs to Chicago outer yard, is approximately 72 hours, as contrasted with 29 hours for fruit trains.

The tonnage rating for trains run to handle deciduous or other California fruit, is 75% of the rating for non-perishable freight, but this rating is further reduced on account of delays at Council Bluffs, or en route. The reduced tonnage of deciduous fruit varies from 25% to 80% of non-perishable freight, train rating.

During the first seven days of August, 1926, thirty-three trains were run with a total of 314 cars of fruit on an average of 9.5 cars fruit per train. The tonnage of these trains varied from 770 tons, or 25.6%, to 2415 tons, or 80.5% of common freight train rating.

Of 314 cars of fruit moved from Council Bluffs to Chicago between August 1st and August 7th, eighteen were destined to Chicago for team track delivery, five for fruit auction house, 288 for points beyond Chicago and three were held for disposition. The cars destined for Chicago re-
[fol. 550] quired extra service of engine crews at various times to place the fruit on tracks for inspection or unloading. Of these eighteen cars fifteen were later reconsigned. The eighteen cars required re-icing from one to three times each before being disposed of.

The cars destined for fruit auction house required extra or special service of engine crew for one or two cars of deciduous fruit, or an average of about three hours twenty minutes each time. The cars of deciduous fruit destined to points beyond Chicago are delivered to Indiana Harbor Belt on an average of about 10.3 cars per train and require extra or special service of locomotives.

Cars of fruit in through movement destined to points beyond Chicago are handled from Bensonville Yard, which is the outer yard of Chicago, Milwaukee & St. Paul terminal to Indiana Harbor Belt Railway, Norpaul Yard, a distance of three miles.

Our records indicate that claims paid on citrus fruit in the year 1925 amounted to an average of $2.88 per car handled, equal to 4.17% of the revenue, and claim payments in the same year for other traffic, including California deciduous fruit, amounted to an average of $3.43, or 4.84% of the revenue.

Thereupon J. F. Porterfield was called as a witness on behalf of defendants and, having been duly sworn, testified as follows:

I am an employee of the Illinois Central System and have been for between thirty-five and forty years. I have been General Superintendent of Transportation for twelve years. Prior to that time was General Superintendent, Superintendent, Train Master, Chief Clerk, Telegraph Operator and station laborer.

[fol. 551] The Illinois Central has a railroad from Council Bluffs to Chicago.

The handling of deciduous fruit from California is very expensive, substantially in excess of the average, and higher than for less perishable and heavier loading commodities such as apples and citrus fruit. This is due, first, to the faster schedule requiring reduced train load; second, special service; third, low net car load; fourth, special supervision of refrigeration and ventilation; fifth, reconsigning; and, sixth, loss and damage.

This traffic is handled on a very fast schedule. Our maximum portion of the through time schedule being thirty-one

hours from receipt at Council Bluffs to delivery at intermediate switching points to Chicago outer yards. If they go on through schedule, faster time is required. The faster schedules are twenty-six and one-half and twenty-eight hours. This schedule represents about 70% of that on which tonnage freight is handled. This faster schedule reduces the train load to an average of about 65% of the locomotive rating.

The California fruit traffic utilizes about 55% to 71% of the locomotive rating, varying according to the volume of traffic, necessity for regaining time lost and weather conditions.

The lowering of train loads results in operating one-third more trains than would be required to handle non-perishable commodities. The handling of this perishable traffic requires a great deal of special service. It requires additional yard engines, forces and employees.

[fol. 552] There is a substantial number of reconsignments at Council Bluffs. For this reason additional car inspectors and repair men from the repair yards and train yards to expedite the movement of deciduous fruit, and at night call these men out at overtime rates to inspect, oil and make running repairs to cars without incurring the delay incident to switching to the repair yards.

At Waterloo, Iowa, it is necessary to employ an additional yard engine and force, car inspectors and repair men, in order to expedite re-icing and reclassification of reconsigned cars. This is also true of Freeport, Illinois.

The outer yard at Chicago is Hawthorne, where we make deliveries to the Indiana Harbor Belt before reaching our outer yard.

At our Chicago terminal we employ additional yard engines and force to make reconsignment and expedite the delivery to Indiana Harbor Belt. At Hawthorne an additional yard engine is employed to make deliveries to the Belt Railway, switch out cars held for reconsignment and make deliveries to the Produce Terminal.

At South Water Street at Chicago it is necessary to employ from one to two additional engines in order to make special deliveries to connecting lines. These special deliveries are very expensive.

In some cases it is necessary to use other than freight routes involving the payment of exceedingly high trackage charge in addition to yard engine expense. The total cost ranges from $14.24 per trip to a favorably located [fol. 553] yard, to $61.74 to a more distant yard reached via a circuitous and complicated route. That is the cost per train for delivery at an average of four cars per trip, which would make the cost vary from $3.55 to $15.40 per car.

The Chicago Produce terminal cars require special deliveries. This service is largely in a congested area of the Chicago district.

Deciduous fruit is loaded very low. The tariff minimum for deciduous fruit, not including apples, is 26,000 pounds. A check made of 2,912 cars moved during September, 1926, showed an average of 26,600 pounds. The cars handling this traffic are returned empty. The light weight of the cars used averages about twenty-six tons. Therefore, without including the weight of ice, we have the very low revenue load of 13.3 tons to a total gross tonnage hauled of 65.3, including the empty return, or a net revenue load of 20%.

On citrus fruit the net revenue per carload is 26%, apples 27%, lumber 52%, coal 57%, corn 63% and the average for all carload freight 52%.

The following are the average freight earnings per car: Deciduous fruit 26,600 pounds, $460; citrus fruit 36,000 pounds, $558.00; apples 40,000 pounds, $600.00.

Mr. Eicholtz gave a very accurate description of handling reconsignments and diversions of fruit traffic and the procedure upon our line is substantially the same as described by Mr. Eicholtz.

[fol. 554] Cross-examination:

I think that the fact that the fruit delivered by the Union Pacific at Omaha is divided among three carriers, primarily for further movement to Chicago and beyond, instead of to one carrier, is due to the very active and persistent solicitation of the Missouri River lines.

Our line handles considerable banana traffic and my recollection is that the average load amounted to about

23,000 pounds. The banana trains receive expedited service. They come largely from New Orleans, about 100 car trains, and they go right through in full train loads.

The average running time to Chicago is fifty-five hours, the same as our dispatch freight schedule. That amounts to seventeen miles per hour and is the minimum schedule. We can run trains of 100 cars of bananas at an average running time of seventeen miles per hour.

We have a low grade line south, no hills and no difficult operating conditions, except a little difficult operating condition between Fulton, Kentucky, and Cardondale, Illinois.

We do not move any volume of cocoanuts from Gulf ports to Chicago.

Thereupon GERRIT FORT was called as a witness on behalf of the defendants and, having been duly sworn, testified as follows:

I am Vice-President of the Boston & Maine Railroad, in charge of traffic. I have held that position for seven or eight years. I am familiar with the handling of deciduous fruits on the Boston & Maine Railroad. My railroad experience extends over a period of more than forty years.

The deciduous fruit traffic that goes over the Grand Trunk and the Canadian National Railroad reaches the Boston & Maine at White River Junction, which is 140 [fol. 555] miles distant from Boston. Some of it also goes to Rotterdam Junction, a connection with the New York Central and Mechanicsville, a connection of the Delaware & Hudson, a distance of 209 and 187 miles from Boston, respectively.

Grapes make up the largest volume of tonnage in deciduous fruits. In 1926 the Boston & Maine delivered 5000 cars of California grapes at Boston. In 1926 we handled 5157 cars of grapes, of which 4732 were California grapes and the remainder from New York State, Pennsylvania, Michigan and Arkansas.

Of these grapes about 70% were juice grapes and about 30% table.

The Boston & Maine handled approximately 95% of this traffic in road haul service. The Boston & Maine markets

absorb between 9% and 10% of the total juice and table grape movement from California and other points.

In 1923 the total movement was 3612 cars, of which 3212 were California grapes; in 1924 the total movement was 4689 cars, of which 4339 cars were California grapes. In 1925 the total movement was 5480 cars, of which 5355 were California grapes.

This traffic is handled by the Boston & Maine in fast freight trains, usually with a tonnage rating below normal to maintain the required schedule. The route from the Hudson River gateways requires operations through the Hoosac Tunnel. This tunnel is electrified, requiring a duplication of motive power. On this route there are two substantial grades through the Berkshire Mountains, resulting in limiting the tonnage and requiring helper service for [fol. 556] a distance of about 40 miles. The traffic from Canadian National route moves over a heavy ruling grade, also requiring one or more helpers.

The switching service required on the delivery of this fruit is very exacting. The auction companies require that the cars be placed about five o'clock in the morning. The cars of fruit must be switched quickly through interlocking territory, crossing main lines, carrying a dense passenger traffic, and as a result of this condition fruit arriving in the early hours of the morning has to be handled specially and given preference over everything else.

Due to the nature of the traffic we are obliged to maintain two switching crews ordinarily, which would not be required except for this traffic. And during the grape season two more switching crews must be added. The expense of a switching crew may be roughly figured at $100 per eight hour day. This switching is extra switching, beyond what would be required for other traffic.

In addition to taking cars out of trains the deciduous fruit cars must be switched out of storage tracks as ordered. This applies primarily to the grape traffic but extra switching is also required to a lesser extent in other fruits.

During the grape season a large amount of bulk delivery tracks must be assigned for the exclusive use of that traffic. The trade requires that these deliveries be concentrated to one point to facilitate marketing.

[fol. 558]

The High and Low Selling Prices of Grapes, Separated as Between Juice Grapes and Ta

(These Quotations were Taken from Market Letter Published by S. J. Shallow & Co

Representing Actual

	1922				1923				
	Lugs Juice grapes		Crates Table grapes		Lugs Juice grapes		Crates Table grapes		Ju
September	$.80	$3.50	$.90	$4.20	$.50	$3.00	$.75	$3.80	$.5
October...	.45	4.70	1.00	4.90	.25	3.25	.75	3.60	.5
November	.20	3.15	.50	3.70	.30	3.45	1.00	4.70	.6
December.....					.65	2.55	.95	3.40	.5

The Above Figures Converted to Prices p

	1922				1923				
	Lugs Juice grapes		Crates Table grapes		Lugs Juice grapes		Crates Table grapes		Jui
September	$2.78	$12.50	$3.46	$16.15	$1.79	$10.71	$2.88	$14.61	$1.7
October...	1.61	16.78	3.85	18.84	.89	11.61	2.88	13.85	1.7
November	.71	11.25	1.92	14.23	1.07	12.32	3.84	18.07	2.1
December.....					2.32	9.11	3.65	13.07	1.7

[fol. 558]

EXHIBIT 145

Witness: Fort

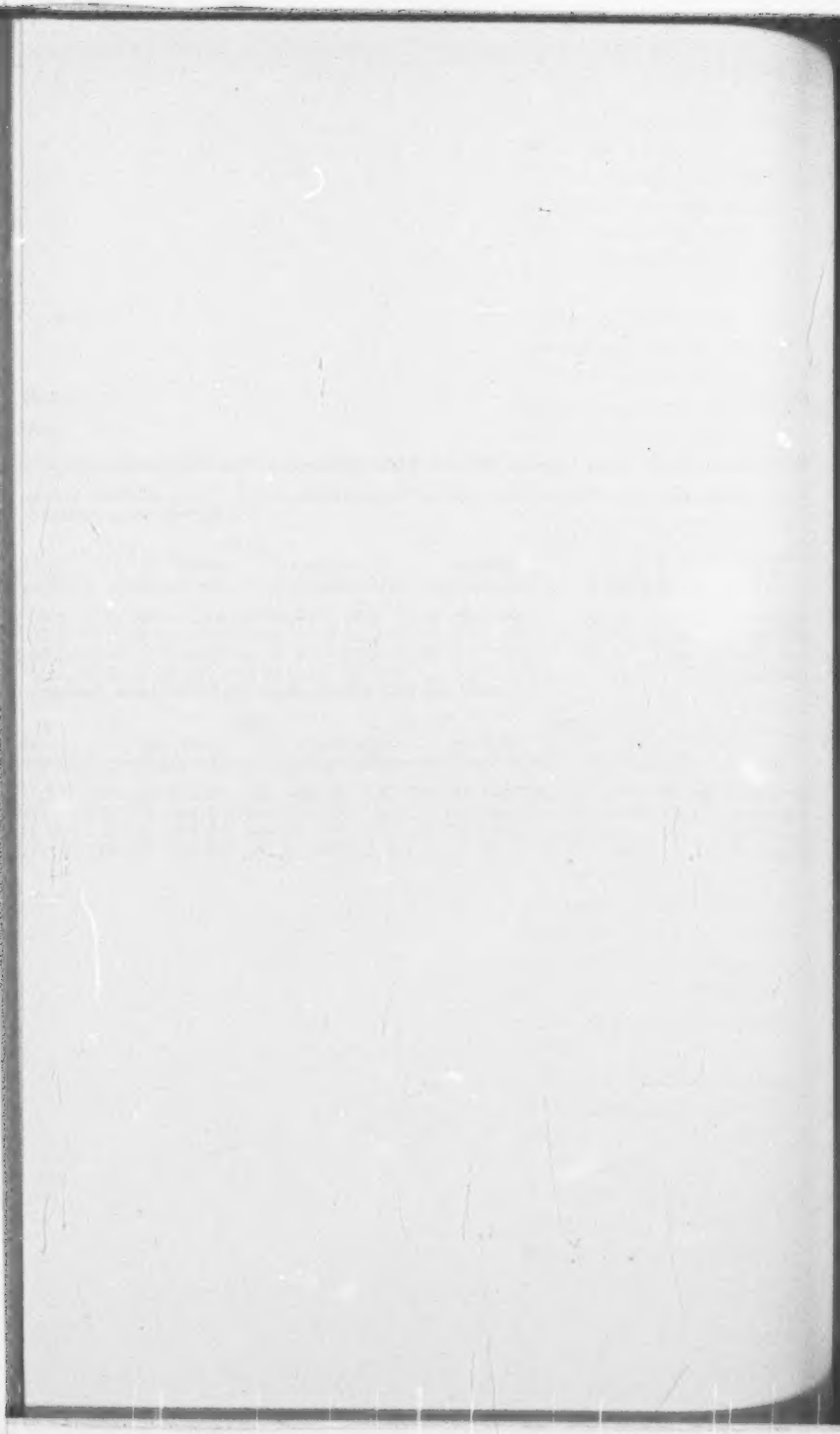
The High and Low Selling Prices of Grapes, Separated as Between Juice Grapes and Table Grapes, during September, October, November, and December from Year 1922 to 1926, Inclusive

(These Quotations were Taken from Market Letter Published by S. J. Shallow & Company, 46 Clinton Street, Boston, Mass. The Prices Quoted are Compiled from Auction Reports Representing Actual Sales Made in Boston Each Day)

	1922				1923				1924				1925				1926			
	Lugs Juice grapes		Crates Table grapes		Lugs Juice grapes		Crates Table grapes		Lugs Juice grapes		Crates Table grapes		Lugs Juice grapes		Crates Table grapes		Lugs Juice grapes		Crates Table grapes	
September	$.80	$3.50	$.90	$4.20	$.50	$3.00	$.75	$3.80	$.50	$2.95	$.65	$3.55	$.70	$3.50	$.75	$3.90	$.45	$2.90	$.60	$3.70
October...	.45	4.70	1.00	4.90	.25	3.25	.75	3.60	.50	3.70	1.05	3.35	.40	2.75	.65	2.80	.50	2.80	.55	3.25
November	.20	3.15	.50	3.70	.30	3.45	1.00	4.70	.60	3.40	1.00	3.80	.24	3.15	.40	2.60	.55	2.95	.75	3.25
December					.65	2.55	.95	3.40	.50	2.85	1.40	3.55	.40	2.55	.65	3.70	.50	2.70	.85	3.10

The Above Figures Converted to Prices per 100 Lbs., Using 28 Lbs. per Lug and 26 Lbs. per Crate (Crates Range from 25 to 28 Lbs.)

	1922				1923				1924				1925				1926			
	Lugs Juice grapes		Crates Table grapes		Lugs Juice grapes		Crates Table grapes		Lugs Juice grapes		Crates Table grapes		Lugs Juice grapes		Crates Table grapes		Lugs Juice grapes		Crates Table grapes	
September	$2.78	$12.50	$3.46	$16.15	$1.79	$10.71	$2.88	$14.61	$1.79	$10.54	$2.50	$13.65	$2.50	$12.50	$2.88	$15.00	$1.61	$10.36	$2.30	$14.23
October...	1.61	16.78	3.85	18.84	.89	11.61	2.88	13.85	1.79	13.21	4.03	12.88	1.42	9.82	2.50	10.76	1.79	10.00	2.11	12.50
November	.71	11.25	1.92	14.23	1.07	12.32	3.84	18.07	2.14	12.14	3.85	14.61	.86	11.25	1.54	10.00	1.96	10.54	2.88	12.50
December					2.32	9.11	3.65	13.07	1.79	10.17	5.38	13.65	1.42	9.11	2.50	14.23	1.79	9.64	3.26	11.92



At delivery tracks it is necessary to employ additional supervising force to handle the traffic at the Boston Ter-
[fol. 557] minal; including nine delivery clerks during the grape season, six additional men, and the railroad police department adds from ten to 20 special officers. During the past grape season the expense of these special officers amounted to $5,589.30. In addition, the regulation of traffic at the fruit houses required extra help three days per week at a cost of $891.20.

Another unusual expense attributable to the fruit traffic is the heating of the houses. Last year this cost approximately $3,000.00.

It will not be disputed that the development of this industry in California has contributed largely to the growth of the state. California has grown and has drawn upon the population of the eastern states. It is obvious that this increase in population is the reason for the present prosperity of the transcontinental railroads. When the people of California travel the transportation tolls accrue to the California lines, and this is also true of everything else they consume, food stuffs, clothing, furniture and everything else. None of these collateral benefits from the fruit traffic accrue to the New England railroads.

Thereupon there was offered and admitted in evidence Defendants' Exhibit No. 145, which is in the following form:

(Here follows Defendants' Exhibit No. 145, marked side folio page 558)

[fol. 559] Exhibit No. 145 shows high and low selling prices of grapes in the Boston market during the months of September, October, November and December, in the years 1922 to 1926, inclusive.

These figures were compiled from auction reports and represent actual sales made in Boston each day. These figures show that the price of juice grapes in the Boston market fluctuated from a low point of $1.61 to a high point of $10.54 per 100 pounds; and the price of table grapes from a low price of $2.11 to a high price of $14.23. This tends to show that the freight rate is a negligible factor in the price of this commodity on the Boston market. In

some cases these transactions would have been unprofitable to the fruit industry if the railroad had carried the grapes for nothing.

Cross examination:

The distribution of fruit among the other carriers which connect with us is to a large extent the result of railroad consolidation. I would say that the Erie Railroad carries a considerable part of the New York-California fruit and it is my off-hand opinion that the traffic is pretty equally divided between Rotterdam Junction and Mechanicsville.

Wherever the cars come in sufficiently large quantities to jusify it, we consolidate fruit trains into single trains. We also have other tonnage to fill out these trains if we haven't enough fruit to justify running the solid fruit trains. The fruit which we received at Rotterdam Junction, combined with the fruit received at Mechanicsville, [fol. 560] constitutes the bulk of our California fruit shipments, although a substantial part goes to us at White River.

The expense of heating fruit houses is not entirely attributable to deciduous fruit. We have to heat the houses for citrus fruit as well.

Thereupon J. W. BURNET was called as a witness on behalf of the defendants and, having been duly sworn, testified as follows:

I am Supervisor of Diversion Service under the General Manager of the Pacific Fruit Express Company, at Chicago. I have been in that position approximately six years.

A large percentage of the fruit and vegetable shipments from the Pacific Coast are rolled from points of origin to be sold in transit and are often billed to "Hold" points for diversion purposes. Many shipments are diverted, which has made necessary an accurate and efficient diversion service.

The Pacific Fruit Express handles diversion orders on perishable traffic for account of the shipments originating on the Southern Pacific lines and their short line connections in California, as well as perishable shipments originat-

ing on the Union Pacific, Western Pacific and Northwestern Pacific.

To effect this diversion service we maintain agencies throughout the country.

We furnish the shipper information as to the progress of the car towards its destination.

[fol. 561] The cars are collected at concentration points and the data is collected at those points.

We communicate between our offices by telegram and forward by telegram complete data as to each car in each block.

The shippers are furnished with records which eliminate the necessity for calling for or receiving the information from the companies themselves. This involves considerable loss by way of claims through negligence in causing delay or failure to accomplish orders.

We employ an average of thirty clerks per month in Chicago and 100 clerks per month at all points in the course of rendering these services.

Thereupon there was offered and admitted in evidence Defendants' Exhibit No. 147, which is in the followig form:

[fol. 562]

EXHIBIT NO. 147

Witness: Burnett

Docket No. 19130

Statement Showing Number of Carload Shipments (Exclusive of Those Loaded in SFRD Cars) of Dediduous Fruits (Except Apples) & Grapes, Also of Grapes Loaded in California During the Years 1925 and 1926 on Southern Pacific, Union Pacific and Western Pacific and Short Line Railroads which Routed via These Lines and Number of Times Diverted.

	Total shipments	Total cars diverted	Number of times diverted							Total diversions handled	Average times diverted
			Once	Twice	Three	Four	Five	Six	Seven		
					1925						
Deciduous fruit (except apples) & Grapes	15,142	7,183	4,981	1,641	427	122	11	1	0	10,093	0.66
Grape	42,967	30,262	21,786	6,482	1,547	367	64	14	2	41,277	0.96
Total	58,109	37,445	26,767	8,123	1,974	489	75	15	2	51,370	0.88
					1926						
Deciduous fruit (except apples) & Grapes	15,694	9,578	6,429	2,353	643	115	32	5	1	13,721	0.87
Grapes	40,359	30,676	19,225	8,048	2,575	549	183	53	43	46,776	1.16
Total	56,053	40,254	25,654	10,401	3,218	664	215	58	44	60,497	1.07

[fol. 563] Exhibit No. 147 points out the total number of shipments, and the second column the total number of cars diverted. In the first subdivision of that column it shows the number of shipments that were diverted from one to seven or more times.

Under the column "Total diversions handled" appears the number of actual diversions accomplished on this traffic, as compared with the total number of shipments. In 1926 specifically pointing out that 46,776 diversions were accomplished on shipments of grapes totaling 40,359 cars.

In 1926 the number of clerks employed in handling diversions was increased.

My testimony with reference to diversions applies to all contract lines served by the Pacific Fruit Express.

Cross examinations:

In 1925 and 1926 there were embargoes declared from time to time by some of the eastern houses, with the result that some of the California fruit shippers were under necessity of diverting their fruit. The declaration of these embargoes inevitably resulted in the diversion of considerable quantities of freight which was moving at the time the embargoes were declared.

Redirect examination:

The embargoes so referred to are those which cover the regulation of the flow of traffic and because of the congestion in eastern terminals, and because of the inability of the carriers in eastern terminals to set these cars for unload-
[fol. 564] ing. This is due to the fact that these cars are held for partial unloading from day to day and, necessarily, the terminals are filled.

Recross-examination:

I know that there is a so-called defensive system which has been put into effect from time to time and a permit system established by the carriers in connection with this fruit business during the peak period.

J. J. MAHONEY was thereupon recalled as a witness on behalf of the Defendants and testified further as follows:

During the year 1926, 1,054 trains departed from Bakersfield carrying deciduous fruits of which 1,035 ran through to Chicago. Of this number 64 failed to make the 154 hour schedule.

In 1917 the total number of fruit trains departing from Bakersfield and running through to Chicago was 438. 429 of these trains went to Chicago of which 24 made the 130 hour schedule. Of this number 131 trains that ran through to Chicago were more than 24 hours late.

Cross-examination:

Practically all of these trains operating from Bakersfield under the 130 and 154 hour schedules were deciduous fruit trains.

The traffic in 1917 was somewhat heavier due to the increase of traffic through the stimulus of the war. The record shown for the year 1917 would be fairly typical of our record for the years 1914 to 1916 inclusive.

R. B. HOFFMAN was thereupon called as a witness on [fol. 565] behalf of the Defendants and having been duly sworn, testified as follows:

I am Superintendant of Transportation of the Pacific Fruit Express at Chicago. I have been employed in that capacity since 1908 with the exception of two years from 1912 to 1914. During that time I was Traffic Manager for the E. L. Halser Company of Chicago. They were handlers of fruit and vegetables.

The Pacific Fruit Express is a refrigerating car line owned jointly by the Southern Pacific and Union Pacific lines. They serve the Southern Pacific, Union Pacific, Western Pacific Railroad and short line connections from these railroads with their refrigerating car equipment.

I give general supervision to the return of all our own cars while they are on the various lines in the United States, Mexico, and Canada and also arrange for the securing and movement of such foreign cars as we might

need. On March 1, 1927, we had in service a total of 38,278 freight refrigerator cars. During the years 1920 to 1926 we purchased 20,554 cars. In addition during the year 1925 we had 29,055 foreign refrigerator cars loaded and in the year 1926, 25,524 foreign cars loaded. The average cost of these refrigerator cars per car was the sum of $3183.00. The average cost of refrigerator cars in 1920 was $3996.67 and in 1926 $3075.75.

Thereupon there was offered and admitted in evidence Defendants' Exhibit No. 150, which is in the following form:

[fol. 566]

EXHIBIT No. 150

Witness: Hoffman

Docket No. 19130

"Statement Showing Number of Refrigerator Cars Stored
Year 1926

	Sou. Pacific System	Western Pacific	Union Pacific System	Total
Jan. 1	3,874	1,038	3,636	8,546
15	4,081	1,199	3,446	8,726
Feb. 1	3,856	1,160	2,850	7,866
15	3,642	1,143	2,660	7,445
Mar. 1	3,109	1,067	2,311	6,487
15	2,898	881	1,371	5,150
Apr. 1	2,439	755	1,335	4,529
15	3,906	721	1,280	5,907
May 1	6,266	139	1,445	7,850
15	6,192	20	1,100	7,312
June 1	4,911	124	892	5,927
15	2,466	124	588	3,178
July 1	2,917	10	999	3,926
15	4,120	0	1,543	5,663
Aug. 1	6,120	511	2,033	8,664
15	6,019	621	1,484	8,124
Sept. 1	5,878	884	3,253	10,015
15	2,671	0	1,167	3,838
Oct. 1	1,510	0	1,316	2,826
15	190	0	989	1,179
Nov. 1	152	0	1,230	1,382
15	1,217	0	1,901	3,118
Dec. 1	1,036	50	3,220	4,306
15	2,027	130	3,748	5,905

Includes only serviceable cars actually stored and not required for current use, and does not include cars held at principal terminals."

[fol. 567] Exhibit No. 150 shows the total number of cars stored on the Southern Pacific, Western Pacific and Union Pacific System during the year 1926, including the serviceable cars which were actually reported stored and fire

spaced, but does not include cars that were held in the large terminals or held back on connecting lines of our owners. By "fire spaced," I refer to cars taken off the main line to be stored and put on side tracks for storage. The cars are placed in groups of five cars, the groups being left one car-length apart, for fire protection.

In addition to the cars shown in Defendants' Exhibit 150, we have additional cars held in terminals for distribution on call. This statement merely represents the cars actually taken out of service because of lack of prospective business.

The movement of deciduous fruits from California tends to produce peak requirements. If it were not for the deciduous fruit traffic, excluding apples, we could get along with 12,000 less refrigerator cars.

Thereupon C. D. WARD was called as a witness on behalf of Defendants and, having been duly sworn, testified as follows:

I am Assistant to the Vice President of the Erie Railroad Company, whose jurisdiction extends over and beyond the New York terminals. I have been in that capacity for the last five or six years. I have been for a number of years, associated with the operating department of the Erie System.

In the handling of deciduous fruits over the Erie main [fol. 568] line from Chicago to their delivery in New York terminals we have recently increased our facilities by the building of Monmouth Yard, in Jersey City. Also owing to the purchase of heavy power we have been able to increase the train length by a small amount. There has been no change in the method of handling deciduous fruit traffic from Chicago to New York so far as the operation is concerned.

Nearly all shipments of California deciduous fruits handled by the Erie Railroad are received from connecting lines at Hammond, Indiana, 85 per cent via the Indiana Harbor Belt Railroad and 15 per cent via the Chicago Belt Railroad. Erie Railroad crews handle cars from the clearing yard of the Chicago Belt Railroad to Hammond, a dis-

tance of 17 miles. The Indiana Harbor Belt Railroad delivers cars in our Hammond yard in lots of approximately 60 cars. Deciduous fruit trains are not in solid lots. The deliveries consist of various kinds of fruit and it is, therefore, necessary to perform considerable switching in assembling the fruit for movement. Fruit trains of 60 cars are built up at Hammond with the switching and handling incidental to such building up and moved to Huntington, 122 miles distant over a 0.3 per cent grade.

At Huntington the engines are changed, inspection performed and bad order cars, if any, set out. The train goes from Huntington to Marion, Ohio, in lots of 60 cars, a distance of 126 miles over a 0.3 per cent grade. Marion is a break-up yard and icing station. Cars are iced and cars destined for points between Marion and Hornell are cut out on account of the grade of 1.25 per cent between Marion and Kent and the trains must be reduced to 54 cars.

[fol. 569] From Kent to Meadville, a distance of 54 miles, the grade is 1 per cent. Upon arrival at Meadville the trains are built up to 69 cars and moved to Salamanca, a distance of 106 miles, over a ruling grade of 0.6 per cent. From Salamanca to Hornell the ruling grade is 0.3 per cent and the distance 89 miles. Hornell is a general break up yard for the East and where the Buffalo line joins the main line. Cars are iced and classified. Considerable switching is necessary here. From Hornell to Susquehanna is a distance of 130 miles and the grade is 0.3 per cent. At Susquehanna the trains are built up to 75 cars for movement to Port Jarvis, a distance of 105 miles.

Leaving Susquehanna there is a grade of 1.38 per cent for 8½ miles requiring heavy helper service. East of this point the grade is approximately 0.3 per cent.

At Port Jervis the cars for New England territory are cut out. Trains are made up for movement to Croxton, a distance of 91 miles. For eight miles out of Port Jervis helper service is required.

On arrival at Croxton trains containing fruit are yarded in the eastbound receiving yard. Trains are inspected. They are then moved into the Croxton Fruit holding yard. During the heavy fruit season we hold an average of 500 cars a day, disposing of 300 a day. Cars must be inspected daily.

The agent at the Duane Street Station, New York City, receiver from Chicago, Buffalo and other junction points, notice of fruit shipments in transit. This information is recorded and consignees are notified. Upon arrival of the cars at Croxton car numbers are telephoned to the Duane [fol. 570] Duane Street Station and notice is sent to consignee by messenger. A written report is made out every morning at the yard office showing all cars on hand. The agent at Duane Street Station also gives consignee a list every morning showing cars on hand and on the line.

Upon order of consignee cars are grouped to be shipped and floated to Duane Street and unloaded on the dock. After the fruit is switched out of Croxton the cars are brought to Jersey City and moved to Duane Street on car floats having a capacity of 10 cars each. The unloading is done at night, making it necessary to have the piers well lighted and during the cold months it is necessary to heat the piers.

Upon receipt of orders from Duane Street cars are located and as the numbers are called off men designate on the record cards the float record number of each car. At the same time the Yard Master arranges a program to harmonize with the individual number of car floats ordered.

After the entire yard is checked up switching commences. For this purpose two engines are used, and sometimes four when the order is large.

The trains, consisting of an average of 30 cars, are moved to Jersey Cty, when made up, to the east bound receiving yard.

Cars are picked up in ten car units and shoved to the float bridge, loaded on floats and towed across the river to Duane Street Station. Car floats with a capacity of 10 cars have two tracks with a trucking platform between. [fol. 571] In loading floats three cars are placed on one track and five cars put on the other track. To complete the loading two aditional cars are placed with the three cars first loaded. It is not practicable to put five cars on one track when there are no cars on the other.

Three engines are used at Jersey City in loading floats. Duane Street Station consists of two piers 80 x 895 feet and a bulkhead extending across both piers and the intervening slip. There is a second story over the bulkhead used as auction rooms and for office purposes. There are

four auction companies located on our Duane Street pier. Approximately 95 per cent of the fruit received at Duane Street Station is sold at auction.

Cars for Newark, as a rule, are originally billed to New York and are diverted. They are switched out at Croxton at the same time the regular fruit order is filled and moved to Newark during the early evening.

The handling of cars to be unloaded at Jersey City is the same as recorded cars for Duane Street Station up to and including arrival at Jersey City yards. There they are switched to various cold storage plants.

The icing of cars at Jersey City is expensive because of the necessity of switching across the running tracks to the icing platform through congestion. Cars remain on the float at Duane Street Station and when empty are towed back to Jersey City, removed from the float and assembled for movement to Croxton yards.

About 15 per cent of our refrigerator cars move westbound loaded.

[fol. 572] The terminal switching operation out of Croxton yard takes four and one half hours. The haul from Croxton to Jersey City takes 2.7 hours.

The operation in loading the car float at Jersey City takes 1 hour 36 minutes.

At the Duane Street Station we employ from 500 to 700 men at night divided into working gangs of 9 men each. In addition to unloading deciduous fruits at Duane Street Station we sold the fruit in accordance with the receiver's directions for display.

If a package is broken coming out of the car we endeavor to repair it, maintaining a large force of coopers for that purpose. If it cannot be put into shape so that it is acceptable to the receiver it is set off to one side and the railroad pays for the fruit.

These packages are frequently broken.

We have 28 car floats in service at the present time and must hire additional floats in which event we pay $40.00 a day for them.

On 300 cars of grapes and vegetables 200 cars go to Duane Street Station and the others go to Jersey City and Newark.

In 1924 we handled 41,560 cars of fruit and vegetables; in 1925, 44,895 cars and in 1926, 51,470 cars at our terminals. That includes Newark and all throughout the country.

Since 1923 the Erie Railroad has increased wages by arbitrary award to conductors, trainmen and yardmen 7½ per cent. Fireman and hostlers got an increase of 7½ [fol. 573] per cent. The shopmen were increased 2½¢ per hour. The increase in wages paid by the Erie Railroad in 1923, amounted to two million and a half each year.

The embargoes laid by the eastern lines on deciduous fruits are a result of the unloading in our terminals being so large as to block it up and require the diversion of traffic.

Cross-examination:

I think there was an embargo in 1926 on juice grapes. We do not wish to put on embargoes, but when all switching is full we impose one.

If the traffic were split up among other railroads between Chicago and New York, it would lighten our burden. Our Duane Street facilities have been quite inadequate to handle this increasing deciduous traffic for several years. We have had to rent outside space, that is, in the peak of the movement, in September and October. It is necessary to arrange for the delivery of considerable quantities of deciduous fruit on the Jersey side to manage the burden. I have heard that there is an effort being made on the part of one of our competitors to get a considerable part of this deciduous fruit traffic for New York delivery. We don't want to lose any traffic.

Juice grapes are principally delivered to our Monmouth Street yard, in Jersey City. Juice grapes intended for consumption on Manhattan Island are for the most part delivered to Jersey City in our Monmouth Yards. We are relieved of the necessity of floating these grapes across the river to Manhattan Island. We collect a charge for the service rendered by our company in sorting fruit at the Duane Street Pier.

Our schedule now is practically 12 hours longer than it [fol. 574] was in 1917. This slower schedule saves in operating expense.

Most of the meat and packing house products come to us at our 51st Street yard in Chicago. We make the trains up there, and they reach Croxton on the third morning thereafter. Our meat train schedule is faster than our fruit train schedule and out meat trains carry less tonnage than the deciduous fruit trains.

In transportation of regular freight we must lighten the tonnage in districts where the grades are sharp. We handle all freight and regular traffic over this route in substantially the same fashion.

Redirect examination:

As a general thing, taking 100 per cent as our dead freight tonnage, the tonnage of our deciduous fruit traffic is one-third less.

Recross-examination:

Grapes moving over our line from Western New York to New York City, are in small lots. The movement is very irregular. We don't think much of it. But there is a constant, steady flow of the California perishable traffic over our line every day.

Thereupon H. E. JACKSON was called as a witness on behalf of Defendants and, having been duly sworn, testified as follows:

I am connected with the Central California Traction Company, Assistant Superintendent and General Agent. I have been connected with this line 17 years. It is a line running between Stockton and Sacramento, California. It [fol. 575] is an electric line. It has a branch line at Lodi of 2 miles. We connect with Stockton and with the Southern Pacific, Western Pacific and Santa Fe, and at Sacramento with the Southern Pacific and Western Pacific. We are located in the Lodi district.

In 1926 our total transcontinental shipment of grapes was 2,852 carloads, 30 cars of pears, 90 cars plums and 2 miscellaneous, mixed cars. This was all shipped in re- [fol. 576] frigerator cars. The grape shipping season com-

menced August 15, 1926, and stopped November 15. That is the usual time except pears which come a little earlier.

We increase our operations as to train and train crews by reason of the increase of the movement of deciduous fruits. On August 15, 1926, we put on four additional crews to handle the grapes. In June, 1926, we put on one crew to handle dried fruit. The regular crews during the course of the deciduous fruit shipping season do not handle any of the deciduous fruits. We usually add four crews to handle deciduous fruits annually. Each crew consists of a motorman, conductor and three brakemen. We keep these crews on until the end of the grape season in the middle of November. In addition to transcontinental shipments these crews handle local freight. In 1915 the local freight amounted to about 150 cars, which is about one per cent of the total. We have 5 electric motors, three of which are tied up for 9 months in the year and used only during the grape movement. There are 29 spur tracks used exclusively for grape business. During the deciduous fruit movement there is no change in our dead freight business, which is practically the same the year around.

Cross-examination:

The movement of deciduous fruit in 1925 was about 800 cars greater than in 1926. The falling off in tonnage in 1926 was on grapes. There was a good deal of tonnage of grapes unharvested this year due largely, to my understanding, to market conditions.

[fol. 577] Our net earnings are best during the grape season. Our line would be a good deal better off if we could actually obtain all the fruits grown in that territory and start rolling them eastward. In other words, we would rather have 4,000 cars of this fruit than 2,900.

Business conditions in Lodi are rather poor now. There is a distinctly depressing condition.

We have no expensive freight facilities or terminal such as are maintained by the big trunk lines in big cities. Our local freight without our transcontinental traffic, would not keep us going very well.

Thereupon J. B. BLAIR was called as a witness on behalf of defendants and, having been duly sworn, testified as follows:

I am Assistant to the General Superintendeent of Transportation with the Baltimore & Ohio Railroad, with which I have been for 30 years. During the peak season we get through the Chicago gateways about 200 to 250 cars a day of deciduous fruit. We run solid fruit trains. California fruits for movement via the Baltimore & Ohio Railroad are received in Chicago from April to November in each year. This fruit is handled from Chicago to Baltimore, Philadelphia and Washington for third morning deliveries. We maintain a schedule of 55 hours on perishable traffic from Chicago to Philadelphia. For this schedule we sacrifice in cars and tons. The perishable traffic is handled on an average of 40 cars as compared with 52 cars of merchandise in quick dispatch and 60 cars on other traffic. The limit per train for fruit trains is 40 cars. This refers to all perishable traffic, including California deciduous fruit. The perishable freight train is given preference in movement over [fol. 578] all other freight trains except livestock specials, and is given rights equal to those of livestock specials, the schedules being approximately the same. There are two icing stations between Chicago and Philadelphia, where [fol. 579] cars are switched, re-iced and classified.

In principal cities, such as Pittsburgh, Baltimore and Philadelphia, expensive facilities have been provided for exclusive use in handling perishable fruit and produce. In Philadelphia a perishable produce terminal, a joint facility of the Baltimore & Ohio Railroad and Reading Railroad was opened November 1, 1926. This facility covers an area of approximately 23 acres.

Upon arrival at terminals consignees are notified promptly and special attention is given the handling of the traffic. Cars are daily inspected and re-iced when necessary and records maintained.

At Philadelphia the railroad is required by trade conditions to recooper packages damaged, and practically each car requires this service, the expense of which is assumed by the carrier.

If the freight when unloaded is in such condition that the consignee does not accept it the railroad resells it and pays the market price.

Frequent reconsignment orders are received which entail considerable clerical work, telegraphing and switching in transit. The percentage of empty to total mileage of refrigerator cars for the year 1926 was 51.3 per cent.

Cross-examination:

Three years ago we handled some grapes for the Erie Railroad approximating 3 trains a week to New York because the traffic had grown to such proportions that the Erie Railroad was unable to handle it all. Our proportion [fol. 580] of the traffic has grown notably in the last three or four years. The California deciduous fruits constitute a very large proportion of our movements of perishable fruit and vegetables easterly from Chicago.

There is a charge made for each diversion east of Chicago of $2.70, if the car is rolling, and $6.30, if the car has been placed.

The bulk of this fruit which we receive at Chicago for eastbound movement, passes over our main lines of railroad and goes largely to the more important centers.

Thereupon C. D. Grace was called as a witness on behalf of defendants and, having been duly sworn, testified as follows:

I am employed by the Pennsylvania Railroad, at Philadelphia, and supervise the arrangement of fruit train service. My duties cover the territory of the Pennsylvania lines east of Pittsburg. My territory is confined to the lines in this territory.

Since 1923 there has been no change in handling of freight in that territory.

The movement of fruit and vegetables handled by the Pennsylvania Railroad is east and northbound. Fruits and vegetables from California are received at Chicago and assembled for solid train movements. They are classed with reference to territory. If there are not sufficient cars of perishable fruit the train is filled out with other tonnage. These cars move on an expedited service, 54 hours from Chicago to New York, as compared with the service of 80 hours for non-perishable freight. At New York the fruit

[fol. 581] intended for auction is brought to the auction place.

Perishable fruit is given preference over all other freight and run ahead of any other freight awaiting delivery.

There is another service for perishables from Chicago to the Atlantic Seaboard. Perishable trains are operated at a speed of 16.5 miles per hour as compared with 11.9 miles per hour for non-perishable freight.

During the last season Pennsylvania Railroad handled slightly in excess of 5,000 cars of California juice grapes at its Manhattan Produce Yard in the Jersey City district. This yard has a capacity of 500 cars.

The perishable trains operating at the present time are the same as the trains operated prior to the war and there has been no change in the schedule.

Pennsylvania Railroad handles grapes originating in New York and West Pennsylvania for Philadelphia and Baltimore. These grapes are handled in the regular service organized to take care of the freight movement on this road.

Cross-examination:

New York grapes which are received by the Pennsylvania Railroad at Brockton do not go in train load lots but in regular service. The California movement of grapes is more persistent and greater in volume. Practically all of the California deciduous fruits move over the main line, at least as far as Harrisburg, and then it diverges to New York, Philadelphia and Baltimore. There is a main line movement as far as Philadelphia.

We have quite a little movement of livestock from Chicago eastward. The schedule on those trains is practically the same as the schedule on our perishable freight trains, [fol. 582] third morning arrival at Jersey City from Chicago. Our perishable trains contain all classes of perishable freight, including fruit, vegetables and fresh meats.

[fol. 583] Charles H. Heinisch was thereupon called as a witness on behalf of Defendants and, having been duly sworn, testified as follows:

I am employed by the New York Central Railroad System at Cleveland, Ohio as Assistant to the Superintendent of Freight Transportation. My jurisdiction extends from Chicago to Buffalo. I am not familiar with the terminal conditions east of Buffalo.

Our perishable trains have a schedule from Chicago to New York of 51 hours running time. We reduce the number of cars in perishable trains as compared with our tonnage freights which results in a reduction in the tonnage.

The average gross tonnage for the first 10 days in July in 1926 on perishable commodities trains was 2,758 tons as compared with 3,801 tons for a train of merchandise and other freight that is not perishable. This situation would relatively exist if we followed each division of the road on to Buffalo.

As a result of the faster operation of perishable trains it is necessary to employ train crews under a wage agreement pursuant to which they are paid for a whole 8 hours when they do not actually remain on duty 8 hours. For the month of July, 1926, between Elkhart and Chicago 616 hours of work were paid for at a total cost of $449.33 as a result during which time no work was performed. This is the result of our fast schedule not requiring them to remain on duty for full time.

When cars arrive at terminals they must be iced and switched. During September we have, I believe, 50 per [fol. 584] cent more reconsigning on perishable freight than on all other classes of freight combined. Reconsigning must be handled by telephone or telegraph.

Practically all of this deciduous fruit movement from California is over our main lines as far as DeWitt, and from there to New York, I believe, it is also over our main line.

Thereupon C. D. Grace was recalled as a witness on behalf of the Defendants and testified further as follows:

The Pennsylvania Railroad handles a susbtantial portion of Florida orange traffic destined to New York. The Potomac Yard, Virginia, is a joint yard operated by seven different lines. The oranges and other citrus friuts from

Florida arrive at these yards where the trains are broken up and reclassified for various destinations or put in the "hold" yard and held for reconsignment. After classification tains are made up and dispatched in solid trains to New York, New England, Philadelphia and western destinations. We endeavor to fill out these trains with fast freight tonnage, or other freight if there are not sufficient oranges. As a rule there is approximately a trainload of perishable freight for New York daily except as the season progresses and the movement gets heavy, when we have two or three trainloads. Trains are limited to 40 cars. Our running time from Potomac Yard to Jersey City, 228 miles, is 15 hours and 50 minutes. Delivery is made for the market next morning.

The same notices are given to consignee as in the case of deciduous fruits in cars to New York, which are reconsigned after leaving Potomac Yard.

The Pennsylvania Railroad handles 75 per cent of the [fol. 585] Georgia peach crop and practically all of the Carolina peach crop. In New York last year the movement of peaches through Potomac Yard was 9,000 loads. The running time for peaches is exactly the same for oranges and we handle it in the same service.

Recross-examination:

Practically all of the cars that carry fruit from Florida return empty unless they are used in local vegetable trade or sent west. The southbound movement is practically all empties.

Thereupon PHIL. M. BAIER was called as a witness on behalf of the Defendants, and having been duly sworn, testified as follows:

I am a fruit and vineyard grower and have been since 1895, continuously. I own 3,000 acres of tree fruits and vineyards. About 20 per cent is tree fruits and the balance vineyards. These properties are located in Tulare County, California.

I do not believe that the reduction of freight rates will benefit the deciduous fruit industry in the State of California. In 1917 and 1918 and 1919 we had prosperous

years, especially in grapes, and high prices which induced growers to extend their holdings, planting many thousands of acres and causing an overproduction from which we are now suffering.

In 1925 and 1926 we shipped about 12,000 cars of Malaga grapes at a price of $15.00 a ton. We also had from 7,000 to 10,000 tons of grapes left in the state that we did not [fol. 586] deem it feasible to ship because there was no market for them. If they had been transferred to New York for the rate of $1.44 per hundred pounds, the grower would not have been able to make a profitable return on that season's crop.

From the start to the finish of the season the price on grapes on eastern transcontinental markets fluctuated more than $1.73 per 100 pounds. This is due to supply and demand. When we have a shortage the markets are up and we receive high prices. When there is an overabundance on the market we sustain losses.

Assuming that the Volstead Act and the Eighteenth Amendment continue to be a part of the law of this country, I consider that the market for the California grape industry has been developed to its fullest extent.

75 per cent of all the grapes we ship are made into juice.

Cross-examination:

The Malaga Grape growers have not made any money for the last four years since this large production, and they have been in pretty severe economic difficulties for the past four years. The Tokay grape growers are in the same condition as the Malaga grape growers.

During the last year tree fruit prices in the East have been very low because of the competition of the eastern grown fruits due to the fact that the eastern grown fruit was produced in very heavy quantities last year. The tree fruit prices have gone down quite alarmingly and the citrus fruit prices, on the other hand, have been good and have gone up. The real depression in the California fruit in- [fol. 587] dustry is in deciduous fruit and not in citrus fruit. All tree fruits compete one with the other and there is no direct competition from the East with California grown plums.

From a selfish standpoint I would like to see the freight rate increased. There is unquestionably more fruit produced in California than there is market for.

[fol. 588] It is going to be a case of the survival of the fittest. The men who have vineyards less advantageously situated than others should get out of the business and the sooner they do the better because every year since 1923 we have been shipping all the grapes that the market would take and about 20,000 cars were shipped that brought the growers nothing and we had from 10,000 to 20,000 cars of grapes left in our vineyards in California. I think that an increase in the freight rate would tend to cut down the production and would thereby reduce the shipments.

I think if the railroads handled all the fruit for absolutely nothing it would be the worst thing in the world because we would get nothing for our grapes.

T. P. Ward was thereupon called as a witness on behalf of the Defendants and, having been duly sworn, testified as follows:

I am General Accountant with the Erie Railroad Lines. I have been connected with the Accounting Department of the Erie Railroad for eight years. I have taken an active part in the preparation of cost studies intended to show the cost of handling various fruits and also vegetables coming from transcontinental terminals to the Erie lines at Chicago. I have prepared a cost study which shows as accurately as can be shown in my judgment the cost of handling cars of deciduous fruits coming to the Erie Railrad at Chicago and delivered at Duane Street, New York. The statement now shown to me was made on that basis. This cost study prepared by me shows the cost of handling cars [fol. 589] of deciduous fruit over the Erie Railroad Lines from Chicago to Duane Street, New York.

Thereupon the said cost study was offered and received in evidence as Defendants' Exhibit No. 157.

[fol. 590] EXHIBIT 157

Witness: T. P. Ward

Erie Railroad Company

Manner of compiling statement submitted herewith indicating cost per car of handling fruit moving over the Erie Railroad through the Chicago Gateway for New York is as follows:

1st. Average number of cars per train.

These figures indicate average cars handled in trains during period January to December 1926, as per records of Transportation Manager.

2nd. Freight proportion of charges to various expense items in connection with the direct operation of a freight train were taken for the period January to December 1926, over divisions between Hammond and Croxton. No items of expense connected with other divisions of the railroad were included. Freight train miles covering the same divisions and period were taken and divided into various items of expense to ascertain the average cost per freight train mile. This average cost multiplied by the number of miles between Hammond and Croxton gives the total road cost for operating a train between points mentioned. In turn, this cost is divided by the average number of cars handled per train, to ascertain the average cost per car. In determining the amount to be included for freight train car repairs only light repairs were used, as the repairs to these cars represent usually only minor defects for which we are responsible.

3d. Cost of handling cars through division yards, Hammond inclusive to Croxton exclusive, was ascertained by taking the charges to various items of yard expense for the period January to December 1926 and dividing by the number of cars handled in the various yards to secure the average cost per car through divisional yards. This charge, added to the cost for road haul, Hammond inclusive to Croxton exclusive, plus private car line mileage allowances, gives the average cost per car between points mentioned.

4th. The average cost per car for return of the empties from Croxton exclusive to Hammond inclusive was ascertained in the same manner.

[fol. 591] Erie Railroad Company

Statement Showing Approximate Expense per Car on Fruit from California and Pacific Coast Points to Duane Street, New York, via Hammond and Chicago

Year 1926

Costs	Average per car
Direct road and yard haul costs	$88.99
Direct terminal costs	37.93
Loss and damage claims	See note
Total direct costs	$126.92
Other expenses (see note)	25.30
Total cost per car (excluding loss & damage)	$152.22

Note.—The "Other Expenses" include nothing for loss and damage, injuries to persons or damage to property, depreciation or interest on investment in any property used in handling this traffic or for taxes, or for other expenses not directly connected with the handling of the fruit traffic.

[fol. 592] Erie Railroad Company

Statement Showing Approximate Cost per Car, 4th Morning Delivery, Jersey City, N. J., Including Road Haul and Yard Expenses Hammond Inclusive to Croxton Exclusive Eastbound and Return of Empties Westbound from Croxton Exclusive to Hammond Inclusive, Average 65 Cars per Train Eastbound and 82 Cars per Train Westbound

Period January, 1926, to December, 1926

I. C. C. No.	Road-haul expenses	Average cost per car: Eastbound loads	Westbound empties	Total
308	Steam Locomotive Repairs	$6.17	$4.89	$11.03
314	Freight Train Car Repairs	1.41	1.12	2.53
392	Train Enginemen	3.05	2.42	5.47
394	Locomotive Fuel	6.04	4.79	10.83
397	Water for Locomotives	.32	.25	.57
398	Lubricants for Train Locomotives	.13	.11	.24
399	Other Supplies for " "	.09	.07	.16
400	Enginehouse Expense	1.26	1.00	2.26
401	Trainmen	3.66	2.90	6.56
402-B	Lubricating Cars	.27	.21	.48
402-C	Other Train Supplies & Expenses	.72	.57	1.29
		$23.12	$18.33	$41.45
	Yard expenses			
308	Yard Locomotive Repairs	$.71	$.71	$1.42
378-379	Yard Conductors and Brakemen, Switch and Signal Tenders	1.42	1.42	2.84
380	Yard Enginemen	.71	.71	1.42
382	Fuel for Yard Locomotives	.62	.62	1.24
385-387	Yard Locomotive Supplies	.06	.06	.12
388	Enginehouse Expense	.30	.30	.60
389	Yard Supplies and Expenses	.02	.02	.04
377	Yard Masters and Clerks	.61	.61	1.22
		$4.45	$4.45	$8.90
	Total road and yard expenses			$50.35
	Private car line mileage allowances			38.64
				$88.99

[fol. 593] Erie Railroad Company

Other Expenses, January, 1926, to December, 1926, Both Inclusive, Hammond to Croxton

	Total freight expenses	Per freight train mile	Per 964.15 train miles, Hammond to Croxton	Per loaded car (divided by 65)	Per empty car (divided by 82)	Total
Maintenance of Way & Structures Less cost of Maintenance charges to Roadway Buildings and Stations and Office Buildings	$6,350,504.24	$.5709	$550.43	$8.47	$6.71	$15.18
Traffic Expenses:						
Superintendence	464,386.60	.0417	40.20	.62	.49	1.11
Stationery and Printing	99,357.51	.0089	8.58	.13	.10	.23
Transportation Expenses:						
Superintendence	750,497.55	.0674	64.98	1.00	.79	1.79
Dispatching Trains	391,511.52	.0352	33.94	.52	.41	.93
Crossing Protection	273,299.84	.0245	23.62	.36	.29	.65
Drawbridge Operation	14,613.29	.0013	1.25	.02	.01	.03
Telegraph & Telephone Operation	101,600.48	.0091	8.77	.13	.11	.24
Stationery & Printing	95,126.31	.0085	8.19	.13	.10	.23
Signal & Interlockers Operation	327,023.30	.0294	28.35	.44	.34	.78
General Expenses:						
Salaries & Expenses of Clerks and Attendants	1,506,025.81	.1354	130.55	2.01	1.59	3.60
General Office Supplies and Expenses	222,747.00	.0200	19.28	.30	.23	.53
Total				$14.13	$11.17	$25.30

[fol. 594] Erie Railroad Company

Statement Showing Terminal Expenses in Moving Fruit from Croxton to Jersey City, N. J., and Duane Street, N. Y., Period January 1, 1926, to December 31, 1926

Yard Service:		
Switch engine service in Croxton and Jersey City Yards	$3.29	
Overhead in Freight Yards—covering Yard Masters and Assistants	.40	
		$3.69
Station Expenses:		
Direct Labor	$16.21	
Coopering broken packages	2.51	
Other Station Expenses (Duane Street)	2.47	
		$21.19
Floating Expenses:		
Car Float Service	$3.00	
Tugboat Service	4.47	
		$7.47
Miscellaneous:		
Rent for Duane Street Piers	$3.22	
Removal of Refuse from Piers	.04	
Proportion of Joint Fruit Inspector's Salary	.02	
Hand Trucks, Gang Planks, etc.	.03	
Lighting Piers	.13	
Police Protection	.39	
Lighting Car Floats	.02	
Insurance on Piers 20 and 21	.18	
Maintenance of Yard Freight Tracks	.33	
Maintenance of Piers 20 and 21	1.22	
		$5.58
Total cost per car		$37.93

[fol. 595] Erie Railroad Company

Yard expenses:	Terminal switching service
Eastbound hump engine classifying train of 50 cars (6) brakemen of this crew acting as car riders	1 hr.
Yard engines at Croxton switching ordered cars pulling back over hump and assembling for haul engine. Necessary to handle 150 cars to get out 50	3½ hrs.
Switching service Jersey City Yard loading floats, and handling empty refrigerator cars off remaining floats, 1 hour 36 mins. per float of 10 cars, equalized to 5 floats of 50 cars	8 "
Westbound hump engine at Croxton handling empty refrigerator cars for westbound road movement, train of 50 cars	1½ "
	14 "

14 hours reduced to miles on the basis of 6 miles per hour is a total of 84 miles consumed in handling a train of 50 cars. The average cost of switching service for period January 1st to December 31st, 1926, is $1.4796 per mile, or $124.29 for 50 cars, producing cost of ..... $2.49 per car

Haul engine, Croxton to Jersey City:

Haul Engine pulling train of 30 cars from Croxton to Jersey City, and returning to Croxton with empty refrigerator cars 2.7 hours. 2.7 hours reduced to miles on basis of 6 miles per hour is a total of 16.2 miles. The average cost per mile switching service—period January 1st to December 31st, 1926, is $1.4796 or $23.97 for 30 cars, producing cost of ..... $.80 per car

$3.29 "

[fol. 596] Erie Railroad Company

Yard expenses:

Overhead in freight yard covering pay of Yard Masters and their assistants.

This expense represents wages of Yard Masters and their assistants at Croxton and Jersey City Yards apportioned on number of cars handled as below:

Croxton: Amount of wages—Jan. to Dec. 1926, $85,956.71. Number of cars handled 757,-037. Average cost per car $11		.22 per car
Eastbound	$.11	
Westbound	.11	
Jersey City: Amount of wages—Jan. to Dec. 1926, $35,311.78. Number of cars handled 399,173. Average cost per car $.09		$.18 per car
Eastbound	$.09	
Westbound	.09	
Total cost per car		$.40 per car

[fol. 597] Erie Railroad Company

Station Expense:

Direct Labor: During period January 1, 1926 to December 31, 1926, 30,256 cars of deciduous fruits and vegetables were handled at Duane Street, New York. Total costs for handling such shipments aggregated $567,434.94. We collected back from consignee for assorting $76,794.59. Net cost of handling 30,256 cars of fruits and vegetables—$490,640.36, or		$16.21 per car

Erie Railroad Company

Station expense:

Coopering Broken Packages: Labor performed by N. Y. Marine Co. under contract at rate of $2.25 for each car received. Erie furnished lumber and nails used in coopering during period, January 1 to December 31, 1926. Material aggregating amount of $10,022.60 was used 38,732 cars of fruit received same period. Cost per car $.26 .... $2.51 per car

[fol. 598] Erie Railroad Company

Station expenses:

Other station employes, Includes wages of 18 employes engaged in fruit service exclusively and additional payments to contractors account idle time awaiting floats, furnishing Watchmen and Inspectors, etc. Cost for year 1926, $51,713.84. This amount apportioned to total number of fruit cars handled at Duane Street—38,732—produces cost per car of $1.33.

Also includes wages of clerical employes engaged in fruit and merchandise jointly. Cost for year 1926, $35,987.21. Apportioning this amount on bill basis for same period (322,596) shows cost per bill of $.11. 2 bills per car $.22.

Also includes wages of Electricians, Gatemen, Floatmen, Seal-Takers, Truck Repairmen, etc., whose wages during year 1926 aggregated $23,889.67; apportioned on basis of all cars handled (42,668) produces cost per car of $.56.

Also includes proportion of Station Accounting Bureau apportioned on bill basis. Cost for year 1926 $55,386.00, apportioned to bills during same period (322,596) produces cost per bill of $.17. Fruit cars require 2 bills per car or $.34 per car. Postage $.02. Total $.36 per car.

$1.33
.22
.56
.34
.02

$2.47 Cost per Car.

[fol. 599] Erie Railroad Company

Floating Expenses:

Carfloat Service: During years 1921, 1922, 1923, 1924, 1925 and 1926, supplies furnished floats aggregated $60,-994.16. During years 1921 to 1926, inclusive, maintenance of carfloats aggregated $1,163,227.43. Both of these items are applicable to 30 carfloats and when prorated, average $.93 per day per float for supplies and $17.70 per day per float for maintenance.

Insurance premium on carfloats for year 1926, $35,750.00, or $3.26 per day per float.

Cargo insurance premium on carfloats for year 1926 aggregates $9,045.00 or $.83 per day per float.

Interest on Investment on carfloats: Total valuation $864,738.76 at rate of 6% equals $51,884.33 per year, or $5.07 per day per float.

Supplies	$.93
Repairs	17.70
Insurance on equipment	3.26
Cargo insurance	.83
Interest on investment	5.07
	$27.79

Apportioned to 9.24 cars per Float.

Float makes one round trip per day—Cost per car, $3.00.

[fol. 600] Erie Railroad Company

Floating Expenses:

Tugboat Service: According to Contract with Phœnix Transit Company, $34.00 was paid for round-trip of each Carfloat from Jersey City, N. J. to Duane Street, New York.

During period, January 1926 to December 1926, payments were made for towing Carfloats containing fruits cars, aggregating $142,680.88. Total number of cars of fruit floated —38,812—producing cost of $3.68 per car. Also covers payments to Phœnix Transit Company for shifting floats at Floatbridge, Jersey City, N. J., which aggregated $74,460.00 for period, January 1 to December 31, 1926. Of this amount $30,259.36 was applicable to Duane Street business.

Fruit cars represent 90.77% of total business at Duane Street for same period and this percentage of $30,259.36 produces $27,466.42.

Total number of cars of fruit floated—38,812, or $.71 per car.

Insurance on Equipment-Premium on 13 Tugs aggregated $18,705.00—13 Tugboats—365 days or 4,745 Tug Days.

Insurance Premium	$17,875.00	
4,745 Tug Days	3.77	per Day.
Average of 5 hours per round-trip, or	.79	" Trip.
Apportioned to 9.24 cars	.08	" Car.

Grand Total Cost for Tug Service, $4.47.

[fol. 601] Erie Railroad Company

Miscellaneous Expenses:

Rent for Piers: Space used by Duane Street properties, 895 feet long by 485 feet wide, or 434,075 square feet. Space used by Ferry-house properties, 895 feet long by 160 feet wide, or 143,200 square feet, including slips. Total space, 577,275 square feet.

Total square feet Freight house properties, 75% of $5,772.75.

Total square feet Ferry house properties, 25% of $5,772.75.

Total rental paid for entire properties, January 1, 1926, to May 31, 1926 (5 months at $13,130.10, based on yearly rental of $157,561.33)		$65,650.50
25% of $65,650.50 for Ferry House	$16,412.63	
75% of $65,650.50 for Freight House	49,237.87	
		$65,650.50
Amount for freight purposes for above period		$49,237.87
Rental of Piers 20 and 21, period June 1, 1926, to December 31, 1926, 7 months at $14,331.75 (based on yearly rental of $171,981.00		$100,322.25
Total rental for freight house properties		$149,560.12

Less amount collected for use of Pier properties:		
Connolly Auction Company	$5,000.00	
Independent Fruit Auction Company	1,650.00	
Amount collected for privilege to sell sandwiches	125.00	
Amount collected for privilege to sell Christmas trees	150.00	
Amount collected from Keystone Freight Corp.	760.00	
Amount collected from Judson Forwarding Co.	80.00	
Amount collected from New York and Porto Rico S. S. Co	8,266.21	
Amount collected from Dollar S. S. Co.	900.00	
		$16,931.21
		$132,628.91
Amount chargeable to Fruit traffic 90.77 (based on cars handled)		120,387.26
Amount paid Old Dominion S. S. Co. for use of Pieer 25 to handle overflow fruit		3,967.45
Amount paid to Pennsylvania Railroad Co. for use of Pier 29 to handle overflow fruit		486.39
		$124,841.10
Total number of fruit cars handled		38,732
Average cost per car		$3.22

[fol. 602] Erie Railroad Company

Miscellaneous Expenses:

Removal of refuse from Piers: This cost is based on the total payments covering cleaning, assembling and removing rubbish from fruit piers. During year 1926, payments were made aggregating $1,710.00. This amount apportioned to total number of Fruit cars handled during same period produces cost per car of $.04.

Erie Railroad Company

Miscellaneous Expenses:

Joint Inspector: Proportion of wages paid Joint Fruit Inspectors employed at Duane Street, New York. Total wages paid such employes for year 1926 aggregated $8,275.92, of which the Erie Railroad assumes 11.84% or $979.87. Total cars of fruit handled during same period, 48,732, producing cost per car of $.02.

Erie Railroad Company

Miscellaneous Expenses:

Use of Hand Trucks and Gang Planks: Hand trucks, gang planks, used at Duane Street, New York, to handle Fruit, $100.00 per month, or $1,200.00 for year 1926. This amount apportioned to 38,732 cars of fruit, produces cost per car of $.03.

[fol. 603] Erie Railroad Company

Miscellaneous Expenses:

Lighting Piers: Tests made of power consumed on fruit piers indicate 38.9 K. W. hours were consumed in one hour, which would show a cost of $1.95 per hour. Average cost per K. W. hour paid New York City, $.05. Average cost for 10 hours for 255 nights, $4,972.50, proportioned to number of fruit cars handled during year 1926 (38,732), or an average cost per car of $.13.

Erie Railroad Company

Miscellaneous Expenses:

Police Protection: Cover payments to Watchmen at Duane Street, New York, which aggregated $16,641.37 during year 1926.

Total payments	$16,641.37
Total cars handled same period	42,668
Average cost per car	$.39

Erie Railroad Company

Miscellaneous Expenses:

Lighting Carfloats: Power used lighting carfloats as determined by tests shows a cost of $.047 per hour, on an average of 4 hours per float. The cost of lighting is 19¢ proportioned to 9.24 cars, which shows a cost per car of $.02.

[fol. 604] Erie Railroad Company

Miscellaneous Expenses:

Insurance on Piers 20 and 21: The total premium for insurance on these properties is $7,817.50 per year. During year 1926, 42,668 cars were handled, producing cost per car of $.18.

Erie Railroad Company

Miscellaneous Expenses:

Maintenance of Yard Freight Tracks: During years 1925 and 1926, maintenance of yard freight tracks at Croxton and Jersey City aggregated $369,943.92, and when apportioned to total number of cars handled same period, produced cost per car of $.33.

Erie Railroad Company

Miscellaneous Expenses:

Maintenance of Piers 20 and 21: During years 1924, 1925 and 1926, maintenance of piers aggregated $141,453.23, and when apportioned to total number of cars handled same period, produced cost of $1.22 per car.

[fol. 605] Cross-examination:

The computations appearing in Exhibit No. 157 are made upon exactly the same basis as those introduced in evidence in the prior case, Docket No. 15,137. In determining our transportation costs, I have taken all of the transportation costs of the several divisions of the Erie, extending from Hammond to Croxton, over which this traffic moves. These

divisions include branch lines. The following branch lines are included in my data: Niles and Lisbon branch, from Niles, Ohio, to Lisbon, Ohio; Newcastle Branch, Sharon to Newcastle, Pennsylvania; Youngstown to Leadville; Oil City branch, Meadville to Oil City, Pennsylvania; Salamanca, New York, to Brockwayville, Pennsylvania; Corning, New York, to Batavia, New York; Middletown, to Pinebush; Goshen to Pine Island, New York; Greycourt to Newburgh, New York, Harriman to Newburgh, New York; Suffern to Sparkhill.

This computation represents the aggregate expenses of conducting freight transportation upon our several divisions, extending from Hammond to Croxton and including the branch lines which I have just specified. It does not represent a specific effort to determine the cost of our fruit freight service from Hammond to Croxton, considered by itself, and exclusive of branch line transportation. Neither is it confined to the expressed determination of the cost of transporting perishable traffic. It represents the total or over-all cost of all freight transportation between Hammond and Croxton, including the service over the branch lines which I have enumerated.

The average haul on the Erie System, or on that part of the system represented by the divisions, inclusive of the branches, would be very much less than the haul from Hammond to Croxton, which represents our longest haul. [fol. 606] Q. You have derived (arrived?) thereat something which is the mean or average transportation cost of all traffic on these several divisions, including long haul traffic, short haul traffic, including the main line traffic and branch line traffic; that is true, is it not?

A. That is true; for both expenses and freight train miles.

Q. Yes; and you likewise included in that the expense incident to handling less than carload lot freight, did you not?

A. Yes, sir.

Q. So this, then, is the mean or average cost of transporting all traffic including local, interline, long haul and short haul, main line and branch line, carload and less than carload.

A. Yes, sir.

We took the total aggregate freight expenses, divided into that the total aggregate freight train miles and got the cost per freight train mile. Our operating department advised me of the average number of cars in the trains moving freight, and I divided that total number of cars into the total freight trains to get this cost per car.

These costs per freight train mile include the cost of branch line service. Frequently these branch line trains carry very light tonnage.

In substance, I have reduced these aggregate expenses to units per freight train mile, and finally, per car mile, and have used that in attempting to determine the cost of handling deciduous fruit from Hammond to Croxton.

The allocation of maintenance cost was made on exactly the same basis as the allocation of transportation expenses, about which I have been speaking.

[fol. 607] Redirect examination:

My computations are based upon a 100% empty return movement of these refrigerator cars. Mr. C. D. Ward testified the other day that 15 per cent of these refrigerator cars go back loaded.

[fol. 608] E. V. Randol was thereupon called as a witness on behalf of the Defendants and, having been duly sworn, testified as follows:

I am Chief Clerk of the Freight Claim Accounting Bureau of the Southern Pacific Railroad.

I have made an investigation of claim payments made during the calendar year 1926 on carload shipments of citrus and fresh deciduous fruits from points in California on the Atchison, Topeka and Santa Fe Coast Lines, Los Angeles and Salt Lake Railroad, Southern Pacific Lines, Western Pacific Railroad and their short line connections destined to territory covered by Groups A and M, inclusive, and to points in Canada to which the same rates apply and compared them with the total freight revenue on the same commodities from California to the same destinations during the calendar year 1925.

As a result I have found that in that year the total freight revenue for grapes was $34,865,370 upon which claims were paid amounting to $928,467 or 2.66 per cent; the total freight revenues received from the shipment of apples was $592,629 upon which claims were paid in the sum of $15,534, or 2.62 per cent. Upon deciduous fruits other than grapes and applies the total freight revenue was $7,739,274 upon which claims were paid in the amount of $259,351 or 3.35 per cent. The total freight revenues from citrus fruits was $21,955,693 upon which claims were paid amounting to $570,574, or 2.60 per cent. The ratio of the combined figures of the Sante Fe and Southern Pacific Co., for the account of grapes to the combined freight revenue [fol. 609] was 2.57 and on deciduous fruits other than grapes and apples was 2.24 per cent. On all other classes of other traffic, including other fruits, melons and vegetables, it was but 0.58 per cent.

The ratio of the total freight revenue on these two lines in 1926 on deciduous fruits other than apples, to the total freight revenue was 5.16 per cent. The ratio of the total combined loss and damage claim payments on the same commodities to the total claim payments in 1926 on all commodities, was 91.02 per cent. The ratio of claim payments on deciduous fruit traffic, from California, to the total payments of claims on fresh fruits, melons and vegetables originating in California, is 44.1 per cent, for the Southern Pacific. For the same line the ratio of carloads of fresh deciduous fruits other than apples, to the total carloads of fresh fruits and vegetables, is 35.9 per cent.

Cross-examination:

44.1 ratio represents the ratio of the claim payments on deciduous fruits other than apples to the total claim payments on fruits, melons and vegetables, including deciduous fruits. 35.9 per cent represents the ratio of the number of carloads of deciduous fruits, other than apples, to the total number of carloads of fruits, melons and vegetables.

The percentage of claim payments to revenue upon deciduous fruits has been declining during the past three or four years.

[fol. 610] E. W. Mason was thereupon called as a witness and, having been duly sworn, testified as follows:

I am Vice-President and General Manager of the Western Pacific Railroad Company which position I have held for the past 8 years. I have had a total of 34 years railroad operating experience on the Northern Pacific and Western Pacific Railroads in various capacities from telegraph operator to General Manager. The Western Pacific operates in more favorable conditions than some of the lines in California especially in respect to grade conditions. The favorable grade has been attained by reason of longer mileage at very expensive construction.

The country traversed by the Western Pacific in crossing the Sierra Nevada Mountains causes it to travel over a 1 per cent grade to attain which many tunnels, bridges and cuts were necessary.

Numerous rises are encountered elsewhere on this line which, however, are not extensive either in the length of ascending grade although herper service is required at four points in that territory. The Western Pacific crosses the great Salt Lake over a rock fill for 11.4 miles. This requires constant effort to maintain, being subject to severe storms. The road is also constructed across a portion of the old bed of the Great Salt Lake where, by reason of the salt, considerable difficulty is experienced in excessive deterioration of rails. The line extends for 35 miles over the old bed of the lake. The Western Pacific schedule for fruit trains is 51 hours from Sacramento to Salt Lake City, that is the portion of the Western Pacific running time out of the 154 hour schedule. Between these same points [fol. 611] merchandise trains have a schedule of 60 hours. The dead freight trains operate on a 72 hour schedule. In the fruit schedule there are two icings each involving approximately an hour's delay.

To maintain these rapid schedules reduced tonnage ratings of locomotives are employed.

Special gathering service is performed for the Western Pacific in the district between Sacramento and Stockton involving the movement of one train each way for this distance of 44 miles. These trains operate at night, one dis-

tributing empties and the other gathering loads to be consolidated at Sacramento. Although the mileage here is but 44 miles traffic requires 2 trains to be operated. The crews of each get paid on the basis of 100 miles.

Other trains are operated between Stockton and Sacramento with fruit received from connections at that point and by local trains from points on the Western Pacific west of Stockton. These trains, however, owing to the time at which the traffic arrives, must be run through to Sacramento in order to leave that point on schedule and, therefore, these trains are unable to pick up the local loads between Sacramento and Stockton.

A similar special service is operated between San Jose and Niles with traffic delivered to us at San Jose.

Additional switching service is performed during the fruit season at Stockton, Sacramento, Portola, Elko and San Jose.

The gathering service between Stockton and Sacramento [fol. 612] is performed on the main line and the only points where fruit originates in substantial volume off the main line is at San Jose branch.

Considerable difficulty is encountered in procuring an adequate water supply at points on the desert between the summit of the Sierra-Nevada Mountains and Salt Lake City. Pipe lines have been constructed reaching 6 to 20 miles in length to supply this need.

In volume the traffic fluctuates very markedly between different periods of the year and is heaviest when the deciduous fruit movement is in progress. This presents a serious labor problem of the Western Pacific during the peak of the fruit traffic. The number of crews in freight service is practically doubled. The result is that during the balance of the year the engine crews almost invariably consist of two engineers, one of whom is acting as a fireman and the train crews are made up of from 2 to 4 conductors, one of whom is performing services as a brakeman. When the fruit traffic approaches its peak these men are called into service as engineers and conductors and others are recruited to serve as firemen and brakemen. As a result, the employees during the peak season are inexperienced and inefficient and difficult to obtain.

During the fruit season the demand for refrigerator cars in California requires that practically the same service be given to returning empties as is afforded the outbound loads. For this reason during the fruit season these empty cars instead of being used to fill out other trains are made up into special trains which are operated through from [fol. 613] Salt Lake to Sacramento on practically the same schedule as the eastbound fruit trains.

Certain elements of cost incurred during other months of the year are in whole or in part chargeable to the fruit traffic. As much track work as possible is done in advance of the fruit movement; practically all renewals are performed during the earlier months in the year. Claim payments in connection with the fruit traffic are susbtantial and are made principally during the months following the movement of the fruit traffic and enter into the general accounts during the period from March to June. The same is true of taxes which are charged at practically the same rate each month on the estimated tax accrual for the year.

Cross-examination:

Our heaviest charges for maintenance of way are between April and July, although our labor charges are constant throughout the year.

Our railroad is more nearly loaded to its economic capacity in the late summer and fall than in the winter and spring months. That means that our transportation expenses per unit of traffic are relatively lower in the late summer and fall than in the winter and spring. Our overhead is substantially constant throughout the various months of the year. If our overhead expenses are spread out over the volume of traffic, month by month, we would have a lower overhead expense per unit in the late summer and fall than in the winter and spring months. That is, we are spreading about the same amount of overhead over a larger amount of traffic.

The weather conditions are most favorable to economic [fol. 614] operation during the summer and fall months. Our locomotive efficiency is somewhat higher during that period than in the winter and spring.

We have a considerable empty car movement with respect to open top cars. Most of these cars move eastbound empty. We have a considerable car movement in connection with our live-stock traffic and the empty mileage of these cars is just about equal to the loaded mileage.

Over substantially the entire line we handle from 60 to 65 cars of deciduous fruit in one train by using helpers over the districts which I have enumerated.

When our freight blocks leave Sacramento for the East, they move substantially as made up at that point all the way to Salt Lake City. There are very few loads to put out and very few additions. This movement may be properly described as a main line movement practically in solid train loads from Sacramento to Salt Lake City.

Thereupon T. F. ALLEN was called as a witness on behalf of Defendants and, having been duly sworn, testified as follows:

I am Assistant Superintendent of the Southern Division of the Northwestern Pacific. I have been connected with that railroad about 14 years. It runs between Trinidad and Tiburon on San Francisco Bay. Trinidad is 30 miles north of Eureka and 313 miles from San Francisco. Trinidad and Eureka are in the State of California. Other branches are operated in connection with our line.

Our railroad handles transcontinental shipments of California deciduous fruits. During the year 1926 our railroad [fol. 615] moved 8 cars of plums, 1,326 cars of pears and 2,048 cars of grapes, a total of 3,381 cars. The pear shipments commenced to move about the middle of July and terminated around the end of August. The grapes moved from the first of September to the latter part of October. During the first part of the year 1926 we had 11 road crews in freight service and 5 yard crews. We added 5 crews in 1926 in road service and 3 crews in yard service, to handle deciduous fruit movement alone. We usually use 10 locomotives for the road crews and 3 for the yard crews, but during the deciduous fruit movement we use 4 additional for the road crews and 2 additional for the yard crews for the deciduous fruit traffic.

Cross-examination:

The 3,381 carloads of deciduous fruit which I have mentioned above moved to transcontinental destinations. We also have a considerable intrastate movement, approximating 300 cars of pears and 736 cars of grapes, in addition to the number I have stated. Practically all of our deciduous fruit originates in the southerly part of our territory.

Our pears are just about out of the way at the time our grape movement reaches a substantial degree. The result is that we have substantially a continuous flow of freight from July to the latter part of October. The principal addition to our traffic in the late summer and early fall months over the normal handling is brought about by the deciduous fruit business. Comparatively speaking, our freight tonnage is rather light during the spring and winter months. Again, comparatively speaking, we get better train efficiency in point of tonnage in the period extending [fol. 616] from July to the end of October. During this period we also have a proportionate increase of inbound commodities, such as shook, and so forth.

Thereupon E. F. Sauer was called as witness on behalf of Defendants and, having been duly sworn, testified as follows:

I am employed by the Pennsylvania Railroad System as a special agent. I have been employed by it for 40 years. I have familiarized myself with the handling of deciduous fruit traffic on the Pennsylvania System coming to the system at Chicago and St. Louis.

Deciduous fruits go from California to the East over the Pennsylvania Railroad via 2 routes, first, via Chicago, and second, via East St. Louis.

The freight handled via Chicago is handled in preference trains.

Any perishable freight received, at Chicago, as soon as 10 cars have arrived, are filled out with dead freight and forwarded through to Canton, Ohio. That includes deciduous fruit. At Canton the cars are iced and two trains are made up, one for Pittsburgh territory and one for [fol. 617] Enola and beyond. Enola is near Harrisburg,

Pa. At Enola trains are made up for 5 territories, first, Baltimore and Washington, second, Philadelphia, third, points between Philadelphia and Jersey City, fourth, Jersey City and New York, and fifth, Greenville, which is the Jersey City pier.

The preference given to perishable traffic is such that during the month of October, 1926, the peak month of the grape movement these trains between Chicago and Crestline average 21.2 miles per hour as compared to 18.9 for all preference trains and 15.8 for slow trains.

Trains received via East St. Louis are preferential trains from East St. Louis and Enola with icing stations at Indianapolis, Columbus and Huntington. At Enola these trains meet the schedule from Chicago and are broken up into trains for territories beyond.

At Pittsburgh there are produce yards handling all fruit and produce for the Pittsburgh district having 90 tracks aggregating 6 miles in length and having a total area of about 20 city blocks.

This facility is for the exclusive handling of produce.

The service in this yard requires a specially trained force of inspectors, cleaning men and delivery clerks, a much larger force than would be required for the handling of ordinary carload freight. This is also true of the number of police officers required.

The Pennsylvania and Pittsburgh yards are owned by the Pennsylvania railroad and were assessed in 1926 by Pittsburgh at $98,762.77, or $1.52 per car for only a portion [fol. 618] of the total taxes. The appraised valuation of the facility is $3,000,000 which would amount to $2.74 per car. Our company pays 2 cents a mile on private refrigerator cars rented.

Thereupon R. F. Ray was called as a witness on behalf of Defendants and, having been duly sworn, testified as follows:

I am General Supervisor of wages and work conditions in the operating department of the Denver Rio Grande, Western Railroad. I have been engaged in railroad operating work since 1909. The Denver & Rio Grande Railroad

operates in a mountainous region with precipitous slope and the only avenues of traffic are along the water courses. This necessitates the traversing of long distances between two points geographically in close proximity.

The Rocky Mountains in Colorado and Utah through which this road passes do not consist of one single general range but are composed of various branches and auxiliary ranges. It is necessary, therefore, not only to cross the divide but to cross other divides, so as to take advantage of the transportation avenues afforded by the water courses.

The curvature necessary in this road construction requires additional energy and increased transportation expense together with maintenance expense and the rate of curvature has a decided additional influence upon all of these costs.

With a mountainous region, such as the Rio Grande is, a railway can be operated and constructed only with gradi- [fol. 619] ents of abnormal intensity and of more than average extent, second, inevitable rise and fall and the impossibility of reducing the same, third, curvature is inherently necessary in mountain avenues of transportation, and, fourth, distance is greatly enhanced by the nature of the territory traversed.

Deciduous fruit trains must be moved on fast schedules and the tonnage, therefore, must be reduced from 70 to 75% below the average train load prevailing with ordinary schedules and in terminal yard operations special attention must be given to the deciduous fruit traffic in its reception and handling.

During 1926 a schedule of 42 hours and 15 minutes for California fruit was in effect between Salt Lake City and Pueblo as compared with a schedule of 61 hours for other classes of freight.

Practically all deciduous fruit is received from the Southern Pacific and Western Pacific Railroads at Salt Lake. Traffic requires 30 minutes for terminal handling which is expedited as compared with 2 hours for other classes of traffic.

The same wage cost is involved in handling deciduous fruit traffic as would be involved if we carried the maximum tonnage.

Movement of the California fruit is such that its peak occurs at the same time as the movement of deciduous fruits locally to the Rio Grande Railroad so that in the territory from Salt Lake and Grand Junction during the movement of California fruit there is a period of dense traffic and a preponderance of eastbound traffic necessitating the move-
[fol. 620] ment of light tonnage trains, or light engines, westbound. The westbound movement of empty refrigerator cars requires preferential service. This is due to shortage in refrigerator cars in California.

The Denver & Rio Grande Railroad is confronted almost throughout the year with exceptionally adverse conditions. Only three months of the year are reasonably free from the effect of rain and snowfall; and cloudbursts are frequent during the commencement of our heavy freight traffic season.

Flood waters are caused by melting of winter snows from April to June. Extremely low temperatures are experienced on the mountain sections.

All of this requires heavy expenditure for new rails, ballasting, tunnelling, improvements, grading and alignment changes and new bridges.

Cross-examination:

During certain months of the year we have substantially a full tonnage train of deciduous fruit. During the peak movement our trains are characteristically full tonnage trains, containing 45 cars each. The total wage cost of moving one of these trains over the Salt Lake City-Pueblo district is $280.65. It is a fair statement that our California fruit moves strictly as a solid train load to at least Pueblo.

The Denver & Rio Grande System Railroad has a very considerable network of branch lines, including narrow gauge mileage, the cost of transportation on which is greater per gross ton mile. As a general thing, our transportation expenses on the branch lines are higher per gross mile than upon the main line traffic. The expense of transportation is generally higher in the winter than in the summer and fall months. During summer and fall, conditions
[fol. 621] are more favorable to economical operation than during the winter and spring. Our locomotive efficiency is

higher in the summer and fall than in the winter and spring.

There is a substantial empty car movement in connection with our coal traffic.

From 1917 to 1923 very little of the California deciduous fruit moved over the Denver & Rio Grande. Since 1923, we have been receiving an increasing proportion of this traffic. In 1926 we had a heavier movement than in any prior year. I imagine that that is largely due to solicitation on the part of our company.

BERNE LEVY was thereupon called as a witness and, having been duly sworn, testified as follows:

I am Assistant General Freight Agent of the Atchison, Topeka & Santa Fe Railway Company. I have had approximately 25 years railroad experience in the accounting department in various capacities.

The past 17 years I have spent in the traffic department, handling rate matters, and the past 6 years, matters before the Interstate Commerce Commission, the Railroad Commission of California and the Arizona Corporation Commission.

The rates are blanketed from all points in California to large destination groups in the East. Originally, the rates to the territory east of Chicago were higher than those to Chicago and points west thereof. Prior to 1909 the rates to Groups D to J, roughly, the territory from Chicago to Denver, Colo., fluctuated between $1.25 and $1.15, but were thereafter stabilized at $1.15. The rates to Groups A, B and C, east of Chicago, were generally $1.40 to $1.50 until [fol. 622] 1911, when they were reduced to $1.15, the same as to Chicago and West. This rate of $1.15 was increased to $1.44 on June 25, 1918, under General Order No. 28 of the Director General of Railroads. The rates to points in the Southeast, which had been on a higher level, were placed on the same basis in 1919 by including such points in Groups A, B or C. Under the general increase of August 26, 1920, the rate to Group J, Denver territory, was increased 25 per [fol. 623] cent to $1.80, and the rate to Groups A to H, inclusive, was increased 33⅓ per cent to $1.92. The 10 per cent reduction, first established temporarily on January 1,

1922, and without limit as to time on July 1, 1922, resulted in the present rates of $1.62 to Group J and $1.73 to the other groups. Points in the Southeast were placed in Groups K, L and M on November 18, 1922, without any change in the rates.

The carload minimum was 24,000 pounds until 1911, when it was increased to 26,000 pounds, the present minimum.

The exhibit now shown to me and marked Plaintiff's Exhibit No. 165 is self-explanatory and shows the number of cars, the number of tons, the average load per car and the shipments moved via the Atchison, Topeka & Santa Fe Railway Company during respective years. The average loading for the year 1926 is greater than the year 1922. The movement of apples by the Santa Fe is negligible and the average loading of apples would not affect the average loading shown for the year 1917 upon this exhibit. The heavy loading in 1922 was occasioned by the shortage of cars. As a result the shipper when he received a car loaded it to its capacity or as close as he thought the capacity based on a safe load. In 1922 there was a heavy movement of grapes in box cars. That condition existed on the Santa Fe as strongly as it did on the other lines.

The effect upon the revenue of the carriers as a whole, which would be occasioned by a reduction in the rates asked for by the complainants in this case, in using the movement for the year 1926, would result in a reduction of approximately $6,111,779.

Thereupon there was offered and admitted in evidence Defendants' Exhibit No. 165, which is in the following form:

(Here follows Defendants' Exhibit No. 165, marked side folio page 624)

[fol. 625] Cross-examination:

In making my estimate of the effect of the proposed rate reduction upon the revenue of the carriers as a whole, I have made no apportionment of the amount of the reduction among the several lines.

In 1926 the Santa Fe Railroad moved 21,774 carloads of deciduous fruit out of the State. The total tonnage contained in these cars was 318,737 tons, an average loading of 14.63 tons.

fol. 624]

EXHIBIT No. 165

Witness: ———

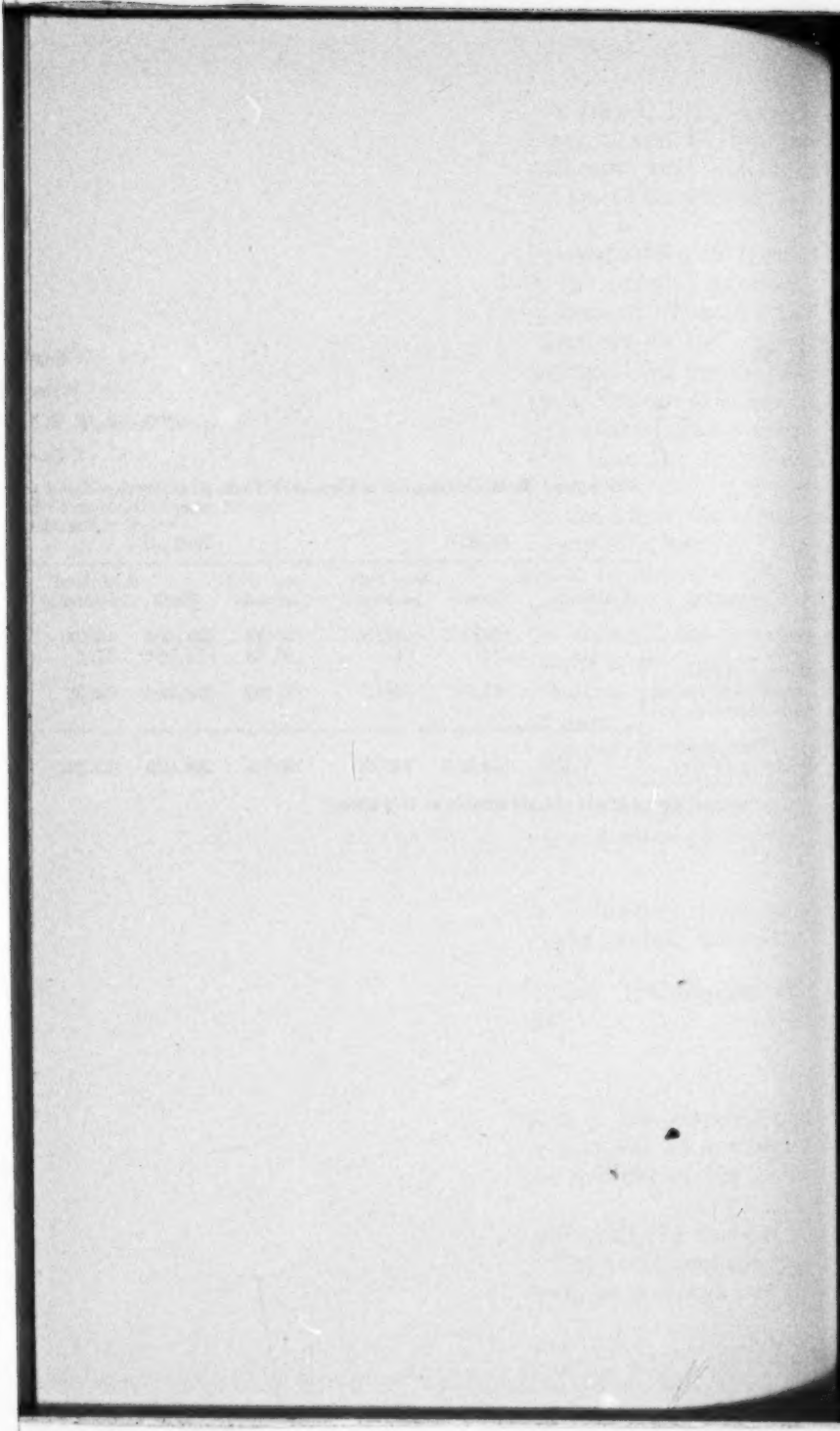
"The A. T. & S. F. Railway Company

Docket No. 19130

Statement Showing Number of Cars and Tons, Also Average Load per Carload, in Tons, of Deciduous Fruit from California to Eastern Points via the A. T. & S. F. Ry. Co. for the Years Shown For the Calendar Years

Commodity	1917			1922			1924			1925			1926		
	Carloads	Tons	Ave. load in tons	Carloads	Tons	Ave. load in tons	Carloads	Tons	Ave. load in tons	Carloads	Tons	Ave. load in tons	Carloads	Tons	Ave. load in tons
Grapes	(1)	(1)	(1)	15,176	247,064	16.27	17,213	251,543	14.61	25,569	381,166	14.91	20,524	300,214	14.62
Apples	(1)	(1)	(1)	61	1,068	17.5	153	2,719	17.80	43	772	17.95	152	2,879	18.94
Deciduous Fruits other than Grapes and Apples	(1)	(1)	(1)	1,502	20,094	13.38	2,999	42,289	14.10	2,065	28,082	13.59	1,098	15,644	14.24
Total of all Deciduous Fruits	7,628	114,293	14.98	16,739	268,226	16.02	20,365	296,551	14.56	27,677	410,020	14.81	21,774	318,737	14.63

(1) Segregation by kinds not obtainable at this time."



Thereupon J. L. FIELDING was called as witness and, having been duly sworn, testified as follows:

I am Assistant General Freight Agent, Southern Pacific Lines. I have had 18 years experience in freight traffic work.

I have made an investigation to determine the number of tons of deciduous fruits, except apples, moving from points in California to destinations involved in the complaint in this connection during the calendar year 1926.

I have prepared an exhibit which is so headed, showing the actual average car haul, average weighted haul and total revenue accruing to the carriers and average earnings, as compared with hauls, revenue and earnings on apples and citrus fruits moving from and to the same territory during the same period. This exhibit shows carload movement of fresh deciduous fruit for 1926 from California on the Atchison, Topeka & Santa Fe Railway Coast Lines, Los Angeles & Salt Lake Railroad, Southern Pacific Lines, Western Pacific Railroad and their short line connections destined to eastern defined territories shown taking Group A to M rates, inclusive, and to points in Canada, to which the same rates apply. This exhibit also shows number of [fol. 626] cars, car miles, average car haul, tons, ton miles, averave weighted haul, average weight of paying load per car, average weight per car of equipment, gross weight hauled (excluding weight chargeable to empty return), total revenue, average weighted revenue per car, average weighted revenue per car per mile, percntage of weight chargeable to empty return, total gross weight hauled (including empty return), weighted net and weighted gross ton mile earnings. Column 1 is a list of commodities; column 2 indicates the symbol of the originating line; column 3 shows the total number of loaded cars handled and column 4 reflects the consolidated information for all the lines shown at the bottom of page 1.

The total loaded car miles in this exhibit were secured by an actual check of the way bills. Column 5 shows the average loaded car haul in miles which was arrived at by dividing column 4 figures by column 3 figures. Column 6 shows total number of tons moved and was arrived at by an actual check of each waybill. Column 7 shows the

ton miles; column 8 shows the average weighted haul in miles for each of the commodities shown, which figures were arrived at by dividing the total ton miles shown in column 7 by the total number of tons shown in column 6; column 9 shows the average weight per car of paying load arrived at by dividing the number of tons shown in column 6 by the number of cars in column 3; column 10 shows the average weight of refrigerator equipment in pounds, ascertained by taking the weight of 36,473 P. F. E. cars and the weight of 17,442 S. F. R. D. cars, or a grand total of 53,895 cars [fol. 627] and 2,802,395,440 pounds, and dividing the total weight thus obtained by the total number of cars shown. The figures shown above represent the total equipment which the P. F. E. and S. F. R. D. car lines had on hand as of December 31, 1926.

[fol. 628] Column 11 shows total gross weight hauled in pounds per car in order to transport the paying load and is arrived at by adding the figures shown in columns 9 and 10;

Column 12 shows total revenue arrived at by check of waybills covering this traffic;

Column 13 shows weighted average revenue per car which is arrived at by dividing figures shown in column 12 by figures in column 3;

Column 14 shows weighted average revenue per car per mile, arrived at by dividing figures shown in column 13 by those in column 5;

Column 15 shows percentage of weight chargeable to empty return movement, arrived at by using total empty and loaded car miles of both S. F. R. D. and P. F. E. cars as shown on bottom of page 1 hereof;

Column 16 weight chargeable to empty return movement in pounds, arrived at by multiplying figures in column 10 by figure in column 15;

Column 17 shows total gross weight per car hauled, including empty return, arrived at by adding the figures shown in column 11 to those in column 16;

[fol 629] Column 18 shows weighted average revenue per ton, arrived at by dividing figures shown in column 12 by those in column 6;

Column 19 shows weighted average revenue per ton per mile in mills on paying load, arrived at by dividing figures shown in column 18 by those in column 8;

I. C. C. Docket No. 19130
Exhibit No. 166
Witness Fielding

Statement showing number of cars and tons of Deciduous Fruits (except Apples), moving from points in California to destinations involved in this complaint, during the calendar year of 1926.

Also the actual average car haul, average weighted haul, total revenue accruing to the carriers, and average earnings, as compared with hauls, revenue and earnings on Apples and Citrus Fruits moving from and to the same territories during the same period.

SAN FRANCISCO, CALIF.
MARCH 21, 1927.

DAR YEAR OF 1926 AND M
GENT). THIS STATEMEN
RIES DURING THE SAME

12	13
Total Revenue	Average Revenue per Car
,959,267	$499.36
131,469	495.60

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NDAR YEAR OF 19
S THE ACTUAL A

12	
Total Revenue	R
23,767,362	$

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LEND CAR	
12	
Tot Rever	
191,9 24,7	

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Column 20 shows weighted average revenue per ton per mile in mills on weight of paying load and weight of equipment as shown in column 11 divided into rate per car as shown in column 13, converted to a per ton figure and divided by figure shown in column 8;

Column 21 shows weighted average revenue per ton per mile in mills on paying load, weight of the car and weight chargeable to empty return movement, arrived at by dividing figure shown in column 13 by figure shown in column 17 converting figure so obtained to a per ton figure and then dividing such figure by the figure shown in column 8.

Each of the succeeding sheets is constructed in the same way as I have described page 1.

In connection with this exhibit I call attention to the light loading of deciduous fruit as shown in column 9 as compared with loading on apples and citrus fruit. I further call attention to the average revenue per car on apples and citrus fruit, which is materially greater than on deciduous fruit.

Column 14 demonstrates that the rates on deciduous fruit are not unreasonably high. It further shows the car mile earnings on apples and citrus fruit which are substantially higher than the car mile earnings on cars of deciduous [fol. 630] fruit.

Thereupon there was offered in evidence Defendant's Exhibit No. 166 which is in the following form:

(Here follows Defendant's Exhibit No. 166, marked side folio pages 631, 632, 633, and 634.)

[fol. 635] I have prepared an exhibit showing earnings on deciduous fruits moved from California producing points to destinations involved in this proceeding and compared them with earnings on other commodities to the same territory. This exhibit consists of 13 pages, each page representing one of the transcontinental groups from A to M, inclusive.

Column 1 of the exhibit is the average distance to the group which has been arrived at by using 24 representative points of origin of deciduous fruit in California and 20 representative points of destination in each group;

Column 2 shows the rate per 100 pounds in cents on both the present rate and the rate asked for;

Column 3 shows the minimum weight on each of the commodities listed;

Column 4 shows the average loading of each of the commodities listed; the average loading of these commodities is for Southern Pacific lines figured alone. It is not a consolidated figure.

Column 5 shows the average weight of equipment. The average weight of 51,000 pounds shown in Column 5 is the weight of P. F. E. freight exchange equipment. The average weight of 40,980 pounds used for weight of the equipment for hauling other traffic is ascertained from our files and include our stock and tank cars.

Column 6 shows the gross weight hauled, which figure is the column 4 and 5 added together.

Column 7 shows the average revenue per car, which is a computation of column 2 and 4.

[fol. 636] Column 8 shows the percentage of weight chargeable to empty return haul, and the method of arriving at this figure is shown on the first sheet of the exhibit. This figure is a conservative figure.

Column 9 shows the weight of equipment, in pounds, chargeable to the empty return, which figure is arrived at by multiplying column 5 by column 8.

Column 10 shows the gross weight hauled plus the weight of the equipment chargeagle to the return movement, arrived at by adding the figures shown in column 5 to those shown in column 6.

Column 11 is merely a reproduction of column 2 and shows the rate in cents per 100 pounds.

Column 12 shows the rate in cents per 100 pounds on the gross weight as shown in column 6.

Column 13 shows the rate in cents per 100 pounds on the gross weight as shown in column 10.

Column 14 shows the net ton mile revenue on the weight of the paying load, which is arrived at by dividing the figures shown in column 11 by the figures shown in column 1.

Column 15 shows the gross ton mile revenue, which is arrived at by dividing the figure shown in column 12 by the figure shown in column 1.

Column 16 shows the gross ton mile revenue, including the weight chargeable to the empty return movement, arrived at by dividing the figure shown in column 13 by the figure shown in column 1.

I. C. C. Docket No. 19130
Exhibit No. 167
Witness Fielding

STATEMENT SHOWING THE EARNINGS ON DECIDUOUS FRUIT MOVING FROM CALIFORNIA PRODUCING POINTS TO DESTINATIONS INVOLVED IN THIS COMPLAINT COMPARED WITH SIMILAR EARNINGS ON OTHER MOVING COMMODITIES.

SAN FRANCISCO, CALIF.
MARCH 18, 1927.

The percentage of distance or weight chargeable to empty return movement is arrived at in the following manner:

Total loaded freight train car miles of Pacific Fruit Express equipment on the lines of the Southern Pacific Company (Pacific Lines):

Calendar year of 1924	120,509,887 miles
Calendar year of 1925	134,380,525 miles
Calendar year of 1926	153,537,641 miles
Total of three years	408,428,053 miles

- - - - - - - - - - -

Total empty freight train car miles of Pacific Fruit Express equipment on the lines of the Southern Pacific Company (Pacific Lines):

Calendar year of 1924	74,846,744 miles
Calendar year of 1925	92,155,501 miles
Calendar year of 1926	112,554,369 miles
Total of three years	279,556,614 miles

- - - - - - - - - - -

Total loaded freight train car miles of all freight equipment (exclusive of Pacific Fruit Express equipment) on the lines of the Southern Pacific Company (Pacific Lines):

Calendar year of 1924	334,228,383 miles
Calendar year of 1925	398,466,240 miles
Calendar year of 1926	400,686,493 miles
Total of three years	1,133,381,116 miles

- - - - - - - - - - -

Total empty freight train car miles of all freight equipment (exclusive of Pacific Fruit Express equipment) on the lines of the Southern Pacific Company (Pacific Lines):

Calendar year of 1924	160,188,680 miles
Calendar year of 1925	200,198,359 miles
Calendar year of 1926	195,174,200 miles
Total of three years	555,561,239 miles

- - - - - - - - - - -

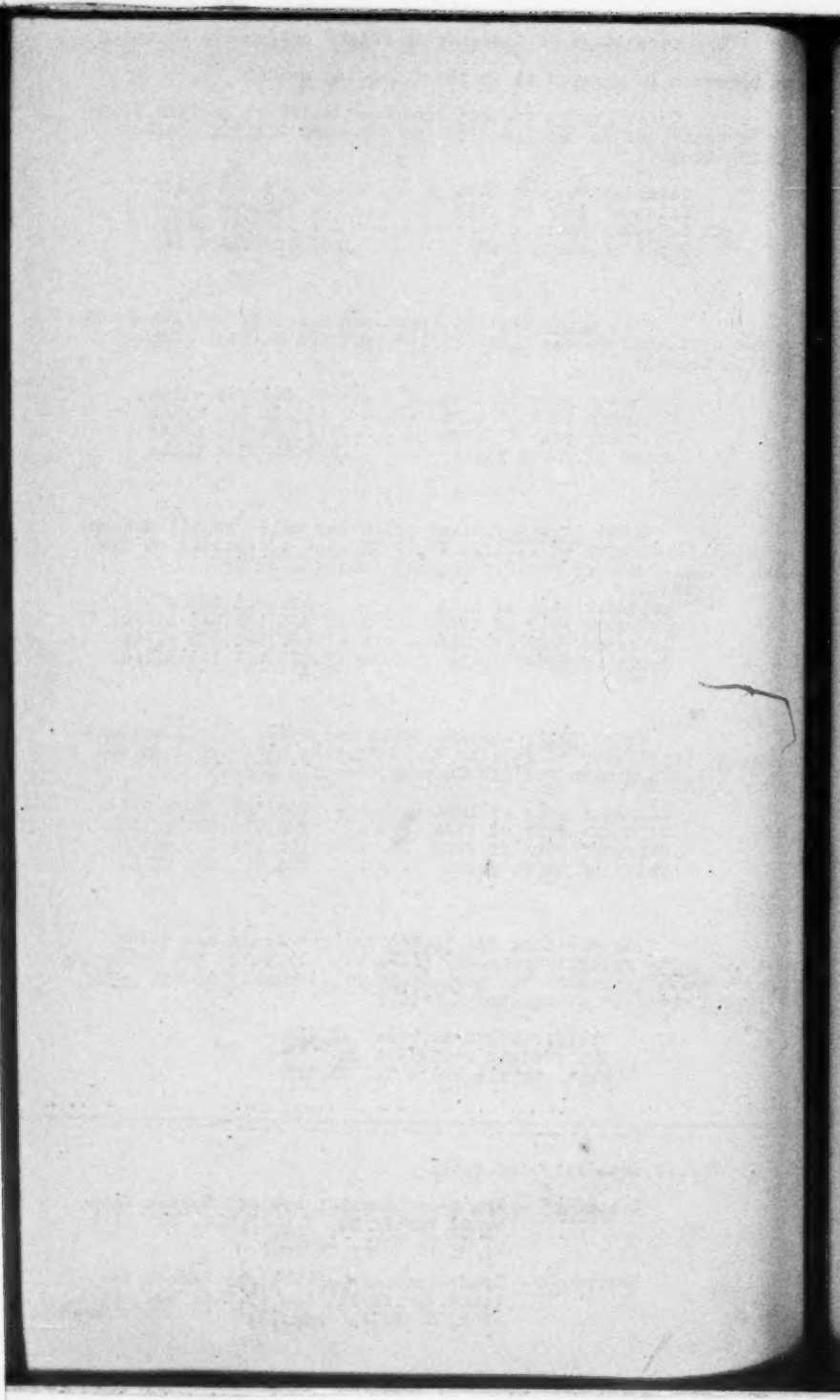
By dividing the loaded freight train car miles into the empty freight train car miles you arrive at the following figures which represent the percentage relationship of the empty to loaded movement of equipment, viz.:

Pacific Fruit Express	68.44%
All freight equipment except Pacific Fruit Ex.	49.01%

Tariff authority for rates:

Eastbound - Trans-continental Freight Bureau Eastbound Tariff No. 3-U (I.C.C. No. 1174 of H. G. Toll, Agent).

Westbound - Trans-continental Freight Bureau Westbound Tariff No. 1-A (I.C.C. No. 1177 of H. G. Toll, Agent.)



COMPARED WITH
UP "A" ON THE

10	
GROSS WEIGHT HAULED	R
PLUS WEIGHT OF EQUIPMENT CHARGEABLE TO EMPTY RETURN	W P 1
113488 114434 112008 111972 112184 113730	
113488 114434 112008 111972 112184 113730	

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EARNINGS ON OTHER.

I.C.C. DOCKET NO. 19130
EXHIBIT NO._____
WITNESS_____

11	12	13	14	15	16
ATE IN CENTS PER 100 POUNDS BASED ON			PER TON PER MILE REVENUE IN MILLS BASED ON		
EIGHT OF AYING LOAD	GROSS WEIGHT HAULED	GROSS WEIGHT HAULED PLUS EMPTY RETURN	WEIGHT OF PAYING LOAD	GROSS WEIGHT HAULED	GROSS WEIGHT HAULED PLUS EMPTY RETURN
173	60.7	42.1	13.3	4.7	3.2
173	62.1	43.1	13.3	4.8	3.3
173	58.6	40.3	13.3	4.5	3.1
173	58.5	40.3	13.3	4.5	3.1
173	58.8	40.5	13.3	4.5	3.1
173	61.1	42.3	13.3	4.7	3.3
144	50.6	35.0	11.1	3.9	2.7
144	51.7	35.9	11.1	4.0	2.8
144	48.8	33.6	11.1	3.8	2.6
144	48.7	33.5	11.1	3.7	2.6
144	49.0	33.7	11.1		

FOLD OUT IS TOO LARGE TO BE FILMED

"C", COMPARED
S IN GROUP "C"

	10
	GROSS WEIGHT HAULED PLUS WEIGHT OF EQUIPMENT CHARGEABLE TO EMPTY RETURN
	113488
	114434
	112008
	111972
	112184
	113730
	113488
	114434
	112008
	111972

FOLD OUT IS TOO LARGE TO BE FILMED

EARNINGS ON
OTHER.

I.C.C. DOCKET NO. 19130
EXHIBIT NO.
WITNESS

11	12	13	14	15	16
TE IN CENTS PER 100 POUNDS BASED ON			PER TON PER MILE REVENUE IN MILLS BASED ON		
IGHT OF ING AD	GROSS WEIGHT HAULED	GROSS WEIGHT HAULED PLUS EMPTY RETURN	WEIGHT OF PAYING LOAD	GROSS WEIGHT HAULED	GROSS WEIGHT HAULED PLUS EMPTY RETURN
3	60.7	42.1	15.5	5.4	3.8
3	62.1	43.1	15.5	5.6	3.9
3	58.6	40.3	15.5	5.3	3.6
3	58.5	40.3	15.5	5.2	3.6
3	58.8	40.5	15.5	5.3	3.6
3	61.1	42.3	15.5	5.5	3.8
4	50.6	35.0	12.9	4.5	3.1
4	51.7	35.9	12.9	4.6	3.2
4	48.8	33.6	12.9	4.4	3.0

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10	
GROSS WEIGHT HAULED	RA
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EARNINGS ON
OTHER.

I.C.C. DOCKET NO. 19130
EXHIBIT NO._____
WITNESS_____

11	12	13	14	15	16
ATE IN CENTS PER 100 POUNDS BASED ON			PER TON PER MILE REVENUE IN MILLS BASED ON		
IGHT OF YING OAD	GROSS WEIGHT HAULED	GROSS WEIGHT HAULED PLUS EMPTY RETURN	WEIGHT OF PAYING LOAD	GROSS WEIGHT HAULED	GROSS WEIGHT HAULED PLUS EMPTY RETURN
173	60.7	42.1	18.3	6.4	4.5
173	62.1	43.1	18.3	6.6	4.6
173	58.6	40.3	18.3	6.2	4.3
173	58.5	40.3	18.3	6.2	4.3
173	58.8	40.5	18.3	6.2	4.3
173	61.1	42.3	18.3	6.5	4.5
144	50.6	35.0	15.2	5.4	3.7
144	51.7	35.9	15.2	5.5	3.8
144	48.8	33.6	15.2	5.2	3.6
144	48.7	33.5	15.2	5.2	3.5

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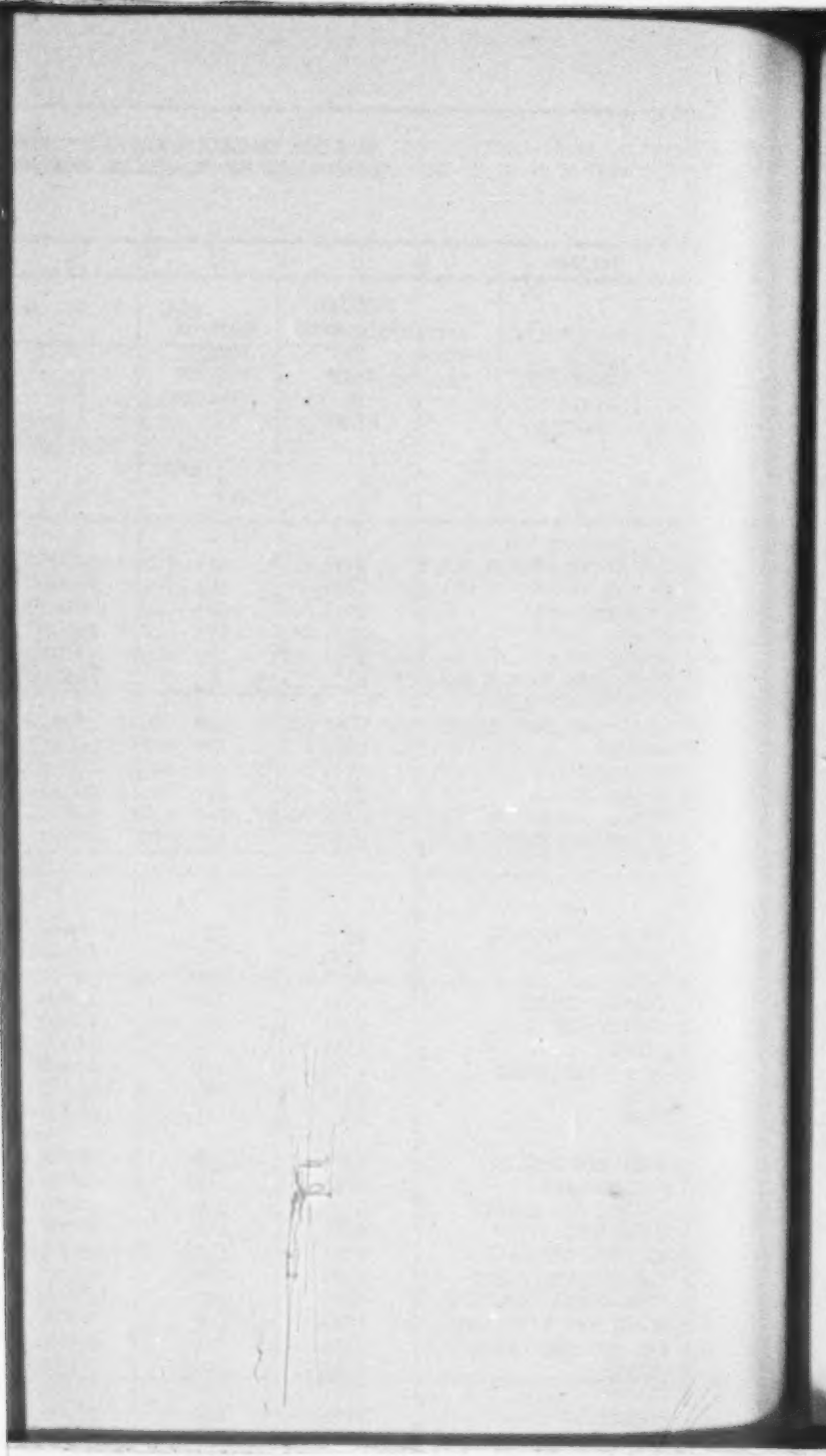

Thereupon there was offered in evidence said exhibit which was marked Defendant's Exhibit No. 167 and is in [fol. 637] the following form:

(Here follows Defendant's Exhibit No. 167, marked side folio pages 638-651, inc.)

[fol. 652] I have prepared an exhibit which is now shown to me showing the average loading of various commodities moving via the Southern Pacific Company's lines during 1926, indicating the average weight of the equipment, the total gross weight hauled and the percentage relationship of paying load to gross weight hauled on various commodities. These figures are ascertained from those regularly compiled by our accounting department and embrace commodities moving both east and westbound. It will be noted that with the exception of eggs and hops the percentage relation of paying load to gross weight is in excess of that on deciduous fruit. This exhibit covers the business moving to and from transcontinental territory involved in this case.

Thereupon there was offered and received in ev-dence the said exhibit, which was marked Defendants' Exhibit No. 168, which is in the following form:

[fol. 653] EXHIBIT No. 168

Witness: Fielding

I. C. C. Docket No. 19130

Statement Showing the Average Loading of Various Commodities Moving via Lines of Southern Pacific Company (Pacific Lines) During the Calendar Year of 1926, Showing Also the Average Weight of Equipment, Total Gross Weight Hauled, and the Percentage Relationship of Paying Load to Gross Weight Hauled

Commodity	Average weight of equipment in pounds	Average weight per car of paying load, in pounds	Total gross weight hauled, in pounds	Percentage relationship of paying load to gross weight hauled
Commodities Moving under Assailed Rates				
Deciduous Fruits, N.O.S..	51,400	27,588	78,988	34.9
Grapes	51,400	28,534	79,934	35.7
Peaches	51,400	26,108	77,508	33.7
Pears	51,400	26,072	77,472	33.7
Plums	51,400	26,284	77,684	33.8
Deciduous Fruits (All)	51,400	27,830	79,230	35.1
Comparisons				
Bags and Bagging	40,980	49,360	90,340	54.6
Dried Beans	40,980	60,450	101,430	59.6
Honey	40,980	38,502	79,482	48.4
Canned Goods	40,980	61,190	102,170	59.9
Cottonseed Cake	40,980	62,396	103,376	60.4
Fibres	40,980	38,174	79,154	48.2
Hides and Pelts	40,980	46,724	87,704	53.3
Hops	40,980	20,600	61,580	33.5
Rice	40,980	63,520	104,500	60.8
Wool (Scoured)	40,980	28,000	68,980	40.6
Plate Glass	40,980	42,660	83,640	51.0
Stoves and Ranges	40,980	40,396	81,376	49.6
Machinery	40,980	47,468	88,448	53.7
Refined Oil	46,797	71,730	118,527	60.5
Tin and Tin Plate	40,980	86,072	127,052	67.7
Structural Iron	40,980	65,866	106,846	61.6
Nails and Wire (Iron)	40,980	61,262	102,242	59.9
Bar and Rod (Iron)	40,980	63,466	104,446	60.8
Paints	40,980	52,332	93,312	56.1
Apples	51,400	36,354	87,754	41.4
Soda, Nitrate of	40,980	80,178	121,158	66.2
Borax	40,980	69,246	110,226	62.8
Dried Fruit	40,980	66,544	107,524	61.9
Oranges (Precooled)	51,400	36,760	88,160	41.7
Nuts	40,980	35,988	76,968	46.8
Onions	40,980	31,224	72,204	43.2
Eggs	51,400	28,496	79,896	35.7
Flour	40,980	58,810	99,790	58.9
Staves and Headings	40,980	61,728	102,708	60.1
Castings	40,980	69,190	110,170	62.8
Wrapping Paper	40,980	44,998	85,978	52.3
Soap	40,980	46,920	87,900	53.4
Starch	40,980	57,742	98,721	58.5
Turpentine	40,980	69,482	110,462	62.9
Barley	40,980	79,322	120,302	65.9

San Francisco, Cal., March 21, 1927.

[fol. 654] The exhibit now shown to me shows the rate of progression of the distance scale prescribed by the Interstate Commerce Commission in "Wool Rates Investigation, 1923," 91 I. C. C. 235. The rates shown in this exhibit apply from Nevada points to eastern defined territories. The scale which the Commission prescribed began at 1,500 miles and I went back to 800 miles, using the same rate of progression in cents per 100 pounds as used by the Commission for distances between 1,500 and 2,000 miles. The difference in rates per 100 pounds for each 50 miles to and including 2,000 miles is 5 cents; from 2,000 miles to 2,800 miles, 4 cents; beyond that figure, it is 3 cents for each 50 miles.

Thereupon, there was offered and received in evidence said exhibit, which was marked, Defendants' Exhibit No. 169, and is in the following form:

[fol. 655]

EXHIBIT No. 169

Witness: Fielding

I. C. C. Docket No 19130

Statement Showing the Rate of Progression of the Distance Scale Prescribed by the Interstate Commerce Commission in 'Wool Rates Investigation, 1923" (in the matter of Rates on Wool and Mohair from Pacific Coast and Intermediate Territory to Various Points, 91 I. C. C. 235) for Application on Wool and Mohair, in Carloads, from Pacific Coast and Intermountain Territory to Destinations in Eastern Defined Territory

Distance, in miles	Rate per 100 pounds	Earnings per ton per mile	Difference in miles	Difference in rate per 100 pounds	Earnings per ton per mile under spread	Ration of ton-mile earnings for 3,000 miles to ton per mile earnings for shorter distances
	(cents)	(mills)		(cents)	(mills)	(percentages)
800	70	17.50	50	5	20.00	100.5
850	75	17.64	50	5	20.00	99.7
900	80	17.77	50	5	20.00	99.0
950	85	17.89	50	5	20.00	98.3
1,000	90	18.00	50	5	20.00	97.7
1,050	95	18.09	50	5	20.00	97.2
1,100	100	18.18	50	5	20.00	96.8
1,150	105	18.26	50	5	20.00	96.3
1,200	110	18.33	50	5	20.00	96.0
1,250	115	18.40	50	5	20.00	95.6
1,300	120	18.46	50	5	20.00	95.3
1,350	125	18.51	50	5	20.00	95.0
1,400	130	18.57	50	5	20.00	94.7
1,450	135	18.62	50	5	20.00	94.5
1,500	140	18.66	50	5	20.00	94.3
1,550	145	18.71	50	5	20.00	94.0
1,600	150	18.75	50	5	20.00	93.8
1,650	155	18.78	50	5	20.00	93.7
1,700	160	18.82	50	5	20.00	93.5
1,750	165	18.85	50	5	20.00	93.3
1,800	170	18.88	50	5	20.00	93.2
1,850	175	18.91	50	5	20.00	93.0
1,900	180	18.94	50	5	20.00	92.9
1,950	185	18.97	50	5	20.00	92.7
2,000	190	19.00	50	5	20.00	92.6
2,050	194	18.92	50	4	16.00	93.0
2,100	198	18.85	50	4	16.00	93.3
2,150	202	18.79	50	4	16.00	93.6
2,200	206	18.72	50	4	16.00	94.0
2,250	210	18.66	50	4	16.00	94.3
2,300	214	18.61	50	4	16.00	94.5
2,350	218	18.55	50	4	16.00	94.8
2,400	222	18.50	50	4	16.00	95.1
2,450	226	18.44	50	4	16.00	95.4
2,500	230	18.40	50	4	16.00	95.6
2,550	234	18.35	50	4	16.00	95.9
2,600	238	18.30	50	4	16.00	96.1
2,650	242	18.26	50	4	16.00	96.3
2,700	246	18.22	50	4	16.00	96.6
2,800	252	18.00	100	6	12.00	97.7
2,900	258	17.79	100	6	12.00	98.9
3,000	264	17.60	100	6	12.00	100.0

NOTE.—Rates for distances under 1,500 miles have been made at the same rate of progression in cents per 100 pounds as used by the Interstate Commerce Commission for distances between 1,500 miles and 2,000 miles.

[fol. 656] The scale applied in this case and shown upon this exhibit applies over all the transcontinental lines of the defendant in this case as far east as Boston, Massachusetts.

I have prepared an exhibit showing the comparative level of eastern and transcontinental deciduous fruit rates and charges that would result from California producing territory to eastern destinations if rates and charges applicable between eastern points selected for the purpose of comparison by witness Ackerman were projected to 2,909 miles using the rate of progression prescribed by the Interstate Commerce Commission in the Wool Rates case. That is the exhibit shown to me now and in which I have used the rates shown in Complainants' Exhibits 77, 84, 86, 88, 90, 92 and 98 and have projected them on the same rate theory by using the scale prescribed in the Wool Case. It will be noted that the rates arrived at by using the Wool Scale are materially higher than those which would result by the use of the Cottonseed Scale used by the complainant and would exceed $1.73 per 100 pounds.

Thereupon said exhibit was offered and received in evidence as Defendants' Exhibit No. 170 and is in the following form:

[fol. 657]

EXHIBIT No. 170

Witness: Fielding

I. C. C. Docket No. 19130

"Statement Showing Comparative Level of Eastern and Transcontinental Deciduous Fruit Rates and Charges that Would Result from California Producing Territory to Eastern Destinations if Rates and Charges Applicable Between Eastern Points Were Projected to 2,909 Miles, Using Rate of Progression Prescribed by the Interstate Commerce Commission in "Wool Rates Investigation, 1923" (In the Matter of Rates on Wool and Mohair from Pacific Coast and Intermediate Territory to Various Points, 9 I. C. C. 235).

Commodity	Complainants' exhibit number	Average distance, in miles	Average rate in cents per 100 pounds	Average revenue per gross ton-mile, in mills	Rates in cents per 100 pounds	Revenue per car per mile, in cents	Revenue per car	Revenue per gross ton-mile, in mills
Pears	77	1119.5	98.60	5.38	200.9	20.72	$602.85	5.18094
Peaches, pears, plums & persimmons	84	858.3	92.24	6.24	239.6	24.71	718.83	6.17760
Concord grapes	84	858.3	92.24	6.24	239.6	24.71	718.83	6.17760
Concord grapes	86	805.6	87.04	6.64	256.8	26.48	770.31	6.62008
Peaches	88	920.0	98.00	5.68	216.6	22.33	649.69	5.58344
Peaches	90	1080.0	103.59	6.01	225.7	23.27	676.95	5.81768
Peaches	92	836.7	88.25	6.12	236.7	24.40	709.99	6.10164
Peaches	92	765.0	90.90	6.92	269.7	27.81	809.24	6.95460
Pineapples	98	1159.0	99.50	5.56	207.0	21.35	621.08	5.33760

March 28th, 1927."

[fol. 658] The Interstate Commerce Commission has also laid down a scale applying eastward from Pacific Coast points to transcontinental destinations, called the Fertilizer Scale, reported at 91 I. C. C. 228. It applies from Nevada points to distances 2,800 miles in transcontinental territory, eastern defined territory.

I have prepared an exhibit which is now shown to me based upon the same percentage relationship as used by witness Ackerman, using for a base the Fertilizer Scale. That is the statement now shown to me.

Thereupon said statement was offered and admitted in evidence and marked Defendants' Exhibit No. 171 and is in the following form:

[fol. 659]

EXHIBIT No. 171
Witness: Fielding
I. C. C. Docket No. 19130

"Statement Showing the Rate of Progression of the Distance Scale Prescribed by the Interstate Commerce Commission in Calvada Fertilizer Company vs. Southern Pacific Company (73 I. C. C. 496), Pacific Guano & Fertilizer Company (91 I. C. C. 228) and M. G. Lewis, J. J. Lewis, F. J. Jones, and F. B. Hill, Copartners, Doing Business as Pacific Manure & Fertilizer Company, vs. Aberdeen & Rockfish Railroad Company et al. (95 I. C. C. 430) for Application on Manure, in Carloads, from Perth and Lovelock, Nevada, to Destinations in California and Eastern Defined Territory.

Distance in miles	Rate per ton of 2,000 pounds	Earnings per ton per mile	Difference in: Miles	Difference in: Rate in cents per ton of 2,000 pounds	Earnings per ton per mile under spread	Ratio of ton-mile earnings for 3,000 miles to ton per mile earnings for shorter distances
	(cents)	(mills)			(mills)	(percentages)
800	780	9.75	50	30	6	71.8
850	810	9.53	50	30	6	73.4
900	840	9.33	50	30	6	75.0
950	870	9.15	50	30	6	76.5
1,000	900	9.00	50	30	6	77.8
1,050	930	8.85	50	30	6	79.1
1,100	960	8.72	50	30	6	80.2
1,150	990	8.61	50	30	6	81.3
1,200	1020	8.50	50	30	6	82.4
1,250	1050	8.40	50	30	6	83.3
1,300	1080	8.31	50	30	6	84.2
1,350	1110	8.22	50	30	6	85.2
1,400	1140	8.14	50	30	6	86.0
1,450	1170	8.07	50	30	6	86.7
1,500	1200	8.00	50	30	6	87.5
1,550	1230	7.94	50	30	6	88.2
1,600	1260	7.88	50	30	6	88.8
1,650	1290	7.82	50	30	6	89.5
1,700	1320	7.76	50	30	6	90.2
1,750	1350	7.71	50	30	6	90.8
1,800	1380	7.67	50	30	6	91.3
1,850	1410	7.62	50	30	6	91.9
1,900	1440	7.58	50	30	6	92.3
1,950	1470	7.54	50	30	6	92.8
2,000	1500	7.50	50	30	6	93.3
2,050	1530	7.46	50	30	6	93.8
2,100	1560	7.43	50	30	6	94.2
2,150	1590	7.40	50	30	6	94.6
2,200	1620	7.36	50	30	6	95.1
2,250	1650	7.33	50	30	6	95.5
2,300	1680	7.30	50	30	6	95.9
2,350	1710	7.28	50	30	6	96.2
2,400	1740	7.25	50	30	6	96.6
2,450	1770	7.22	50	30	6	97.0
2,500	1800	7.20	50	30	6	97.2
2,550	1830	7.18	50	30	6	97.5
2,600	1860	7.15	50	30	6	97.9
2,650	1890	7.13	50	30	6	98.2
2,700	1920	7.11	50	30	6	98.5
2,750	1950	7.09	50	30	6	98.7
2,800	1980	7.07	50	30	6	99.0
2,850	2010	7.05	50	30	6	99.3
2,900	2040	7.03	50	30	6	99.6
2,950	2070	7.02	50	30	6	99.7
3,000	2100	7.00	50	30	6	100.0

San Francisco, Cal., March 28, 1927."

[fol. 660] It will be noted from the exhibit that the progression of the scale remains constant from 800 miles to 3,000 miles and that the rate of progression applies for each 50 miles advance in the distance at the rate of 1½ cents per 100 pounds. I call attention to the earnings per ton per mile shown in Exhibit No. 171 from which it will be seen that as the distance increases the rate per ton per mile decreases. These two scales were fixed by the Interstate Commerce Commission to the same general territory as is involved in this case.

I have prepared an Exhibit similar to Exhibit no. 170 on the Fertilizer Scale. In it I have used the same method used by the witness Ackerman, the same mileage and the same rates. I do not mean the same method, but mean that I used the Commission's scale or ratio of progression shown in projecting these rates. That is to say, in the exhibit I have used Complainant's Exhibits Nos. 77, 84, 86, 88, 90, 92 and 98, taking therefrom the distance, the rate, the average revenue per gross ton mile, and arrived at the rates which would be derived from using the percentages shown on my Exhibit No. 171. These exhibits are offered to show that in certain other decisions of the Commission, instead of the method used by the witness Ackerman, the Commission has approved the method used in that exhibit for rate making.

Thereupon there was offered and admitted in evidence Defendants' Exhibit No. 172, which is in the following form:

[fol. 661]

EXHIBIT No. 172

Witness: J. L. Fielding

I. C. C. Docket No. 19130

Statement Showing Comparative Level of Eastern and Transcontinental Deciduous Fruit Rates and Charges That Would Result from California Producing Territory to Eastern Destinations if Rates and Charges Applicable Between Eastern Points Were Projected to 2,909 Miles, Using Rate of Progression Prescribed by the Interstate Commerce Commission in Calivada Fertilizer Company vs. Southern Pacific Company (73 I. C. C. 496), Pacific Guano & Fertilizer Company vs. Southern Pacific Company (91 I. C. C. 228), and M. G. Lewis, J. J. Lewis, F. J. Jones, and F. B. Hill, Copartners, Doing Business as Pacific Manure & Fertilizer Company vs. Aberdeen & Rockfish Railroad Company et al. (95 I. C. C. 430)

Commodity	Complainants' exhibit number	Average distance in miles	Average rate in cents per 100 pounds	Average revenue per gross ton-mile, in mills	Rates in cents per 100 pounds	Revenue per car per mile in cents	Revenue per car	Revenue per gross ton-mile, in mills
Pears	77	1119.5	98.60	5.38	169.7	17.49	$508.95	4.37394
Peaches, pears, plums & persimmons	84	858.3	92.24	6.24	181.6	18.72	544.56	4.68000
Concord grapes	84	858.3	92.24	6.24	181.6	18.72	544.56	4.68000
Concord grapes	86	805.6	87.04	6.64	189.0	19.49	567.11	4.87376
Peaches	88	920.0	98.00	5.68	168.5	17.38	505.61	4.34520
Peaches	90	1080.0	103.59	6.01	187.0	19.28	560.86	4.82002
Peaches	92	836.7	88.25	6.12	174.2	17.96	522.70	4.49208
Peaches	92	765.0	90.90	6.92	192.7	19.87	578.14	4.96856
Pineapples	98	1159.0	99.50	5.56	177.7	18.32	533.10	4.58144

March 28th, 1927.

[fol. 662] I am familiar with the rate on bananas from Gulf Ports to Pacific Coast destinations of $1.87½ referred to in Complainant's Exhibit No. 64. This rate is low for the transportation of bananas. In 1897 the rate of $1.25 was established to meet water competition from the Hawaiian Island, but it is not as strong as it was in the early days when the rate was put in, because that rate had the effect of forestalling the competition although the water competition on bananas is increasing from Central America and the West Coast of Mexico, so that the competition today from Hawaii, though not as intense as 25 years ago, has been transferred to the West Coast of Central America and Mexico, moving into the Pacific Coast ports by water. The comparative car mile revenue on bananas under the $1.87½ rate, is 18.9 cents, and under the deciduous fruit rate, as shown, 16.50 cents on all deciduous fruits except apples, and 16.64 on grapes, so that the average car mile earnings on bananas from New Orleans to the Pacific Coast, is materially higher than on deciduous fruits from California to eastern defined territory. The bananas earnings are based upon the weighted average haul of 2,151 miles in connection with the Arizona and California traffic, and on an average load of 21,600 pounds. Bananas moved from Gulf ports to the Pacific Coast under the $1.87½ rate use refrigerator cars, moving from the East to California, which would otherwise move empty.

The Southern Pacific Company considers the deciduous fruit traffic to transcontinental destinations of the greatest importance. The ratio which the revenue from our movement of deciduous fruit involved in this case bears to our total freight revenue from all sources, is 6.2 percent. Three other classes of traffic bear a revenue relationship to total [fol. 663] traffic in excess of 6.24 per cent. These are forest products, including both intrastate and interstate movement, which bear a relationship of 14.7 per cent, mineral oil 10.92 per cent, and less than carload traffic, 9.33 per cent. On a tonnage basis, the Pacific System of the Southern Pacific has on only one other commodity that might exceed the perishable freight business, and that is, lumber and its products. Expressed in revenue, the total perishable fruit traffic of the Southern Pacific Company, including Citrus Fruit, deciduous fruit, grapes, bananas and

apples, amounts to 12.08 per cent of the entire freight revenue. The total revenue derived by the Southern Pacific from perishable fruit and vegetable traffic amounts to 21 per cent of the entire freight revenue.

Cross-examination:

Referring to Exhibit No. 167, there is a movement of all the commodities mentioned therein from California to Group A9. The movement of bags and bagging over the Southern Pacific from California to Group A would be very slight. I would be surprised if there were any movement. There is a small movement of dried beans from California to Group A, amounting to approximately 40 or 50 cars. The movement of honey amounts to approximately 103 tons. The canned goods movement to Group A is quite heavy, aggregating approximately 9,600 tons. There is no cottonseed cake movement. The movement of fiber to Group A amounts to 34 tons. Approximately 1,900 tons of hides and pelts are moved to Group A. Hops are light, aggregating 146 tons. About 88 tons of rice are moved to Group A. Approximately 3,100 tons of scoured wool are moved to Group A. Everything which I have shown in this exhibit moving westward to California, is a product of manufac- [fol. 664] ture. The movement to California from Group A points by rail of these commodities, is relatively small as compared to the movement of California deciduous fruits eastbound.

There is no water competition on California deciduous fruit to the East that I know of, but there is competition on our manufactured commodities here listed from Group A points to California. Those rates are made to meet water competition in most cases.

Referring to Exhibit No. 168, it is true that in the case of practically all fruits and vegetables, the percentage relationship of the paying load to the gross weight hauled, is lower than in the case of manufactured commodities.

Referring to Exhibit No. 169, I have taken the rate which the Commission fixed for distances of 1,500 miles and under, and scaled it back rateably until I arrived at a distance of 800 miles. The Commission, in using this scale, prescribed a scale of 1,500 miles and under, but did not grade them back and the Commission did not state that they should

be graded back. In the scale prescribed by the Commission there is no rate for distances under 1,500 miles; there is no 70 cent rate prescribed by the Commission in that scale and the rate for the 800 miles haul under that table would be $1.40. Ordinarily taking into consideration the same transportation and operating conditions, and basing the rate on a reasonable figure, I would not say that the earnings per ton mile under the rate for 800 miles should be lower than the earnings per ton mile under the rate for 3,000 miles. I do not believe that there is any material movement of fertilizer under the rates shown in Exhibit No. 171 to points lying easterly from the Missouri River.

[fol. 665] The movement of bananas in 1925, over the Southern Pacific from New Orleans to California, amounted to approximately 40,825 tons. The corresponding movement to Arizona and New Mexico was 1,780 tons, and to Oregon and Washington 3,390 tons. These bananas ordinarily come from New Orleans in special banana trains.

The perishable traffic from California to eastern defined territories, including deciduous fruit, citrus fruit, cantaloupes and fresh vegetables, far exceeds the eastbound tonnage yielded the Southern Pacific Company by any other traffic. This perishable traffic also furnishes us with a very large tonnage of canned goods and dried fruit.

There is no movement of bananas via the Santa Fe. In 1925, 11,150 tons of bananas were received by water at the ports of San Francisco Bay and Los Angeles. For the first nine months in 1926, 9,756 tons were received at the same ports.

Thereupon JOHN F. BON was called as a witness on behalf of the Defendants and, having been duly sworn, testified as follows:

I am Assistant General Freight Agent of the Western Pacific Company. I have had 20 years' experience in rail-

[fol. 665a] road work as clerk, stenographer, rate clerk, chief clerk and in my present position.

The average haul on all deciduous fruit, except apples, transported by the Western Pacific road during the year 1926 was 3,136 miles.

I have prepared a statement consisting of one sheet, showing the number of cars of fresh deciduous fruit, except apples, handled by the Western Pacific, and certain information with respect to such traffic for the years 1917, 1922, 1924, 1925 and 1926.

Said statement was thereupon offered and admitted in evidence as Exhibit No. 174 and is in the following form:

[fol. 666]

EXHIBIT No. 174

Witness: Bon

THE WESTERN PACIFIC RAILROAD COMPANY

Statement Showing Number of Cars of Fresh Deciduous Fruit (Except Apples) Handled by W. P. R. R. from Points on Its Own Line and Short Line Connections from California to Transcontinental Destinations

Commodity	1917		1922		1924		1925		1926	
	Cars	(1) Average weight per car (tons)	Cars	Average weight per car (tons)	Cars	Average weight per car (tons)	Cars	Average weight per car (tons)	Cars	Average weight per car (tons)
Grapes	423	15.00	2993	16.85	4750	14.24	5401	14.55	5281	14.38
Peaches	....	.....			69	13.05	175	13.41	25	13.16
Pears	....	.....			526	13.10	526	13.05	1029	13.09
Plums	....	.....	221	13.31	55	13.07	55	13.11	73	13.15
Apricots	....	.....			4	13.00	5	13.20	.....	.....
Deciduous Fruits N. O. S.	(2) 4	15.75			133	13.22	332	13.57	235	13.78
Total	427	15.07	3214	16.61	5537	14.08	6494	14.33	6643	14.15

(1) Does not include cars from points on Tidewater Southern Ry.
(2) Except Apples.

San Francisco, Calif., March 1, 1927.

[fol. 667] Exhibit No. 174 shows the average loading per car during the years mentioned.

I have also prepared a statement showing the carload rates, minimum weights, mileages and earnings on deciduous fruits from points in various states to the destinations named thereon.

Thereupon, said statement was offered and received in evidence and marked Defendants' Exhibit No. 175, which said exhibit is in the following form:

[fol. 668]

EXHIBIT No. 175

Witness: Bon

I. C. C. Docket 19130

Statement Showing Carload Rates, Minimum Carload Weights, Mileages, Earnings per Ton-mile on Deciduous Fruits, Except Apples, from Points in California, Oregon, Washington, Utah, Colorado, Texas, Georgia, Arkansas, Michigan, Pennsylvania, New York, Idaho

Rates in cents per 100 pounds.

Revenue in cents per ton-mile.

San Francisco, Calif., March 15, 1927.

[fol. 669]

Deciduous Fruits

A-Min. Carload Weight, 26,000 Lbs.
B-Min. Carload Weight, 24,000 Lbs.

	From					
	Hood River Ore., Yakima, Wash., on U. P. System		Emmett, Ida., on U. P. System		Provo, Utah, on D. & R. G. W.	
	(A)	(1)	(B)		(B)	
To	Rates	Miles	Rates	Miles	Rates	Miles
Denver, Colo.	158	1343	112½	937	106	701
Kansas City, Mo.	169	1830	135	1447	135	1204
Omaha, Nebr.	169	1733	135	1337	135	1239
St. Louis, Mo.	187½	2260	142½	1743	142	1487
Chicago, Ill.	187½	2211	150	1817	150	1735
Cleveland, Ohio	187½	2568	187½	2174	173	2092
Pittsburgh, Pa.	187½	2679	187½	2285	173	2024
New York, N. Y.	187½	3190	187½	2725	173	2540

(1) Mileage shown is from Hood River. Yakima is 3 miles greater.

[fol. 670] Deciduous Fruits

Minimum Carload Weight, 24,000 Lbs.

	From			
	Palisade, Colo., on D. & R. G. W.		Grand Jct., Colo., on D. & R. G. W.	
To	Rates	Miles	Rates	Miles
Denver, Colo.	84½	437	84½	450
Kansas City, Mo.	135	940	135	952
Omaha, Nebr.	135	975	135	987
St. Louis, Mo.	135	1223	135	1235
Chicago, Ill.	150	1471	150	1483
Cleveland, Ohio	173	1829	173	1841
Pittsburgh, Pa.	173	1760	173	1722
New York, N. Y.	173	2276	173	2288

[fol. 671] Peaches

Minimum Carload Weight, 20,000 Lbs.

	From					
	Fort Valley, Georgia, on C. of Ga. Ry.		Clarksville, Arkansas, on M. P. R. R.		Highland, Arkansas, on P. & N. W. R. R.	
To	Rates	Miles	Rates	Miles	Rates	Miles
Kansas City, Mo.	128	987	61	417	74½	635
Omaha, Nebr.	131½	1122	.....	.....	.....	.....
St. Louis, Mo.	86	708	67	444	74½	474
Chicago, Ill.	98	863	83½	730	90	760
Cleveland, Ohio	98	850	118½	980	126½	1010
Pittsburgh, Pa.	103	918	128½	1056	136½	1086
New York, N. Y.	124½	983	163	1496	163	1526

[fol. 672] Grapes

Minimum Carload Weight, 20,000 Lbs.

	From			
	North East, Pa., on N. Y. C. & St. L.		Portland, N. Y., on N. Y. C. & St. L.	
To	Rates	Miles	Rates	Miles
St. Louis, Mo.	104	651	104	673
Chicago, Ill.	83	450	83	472
Cleveland, Ohio	48	111	48	133
Pittsburgh, Pa.	64½	175	64½	197
New York, N. Y.	74½	469	74½	447
	Lawton, Mich., on M. C. R. R.		Paw Paw, Mich., on P. M. Ry.	
St. Louis, Mo.	75	419	77	454
Chicago, Ill.	51	124	51½	164
Cleveland, Ohio	66½	269	69	391
Pittsburgh, Pa.	77½	400	82	522
New York, N. Y.	117	850	117	933

Rates from Michigan to New York, N. Y., are commodity—all other rates are class.

[fol. 673] Peaches

Minimum Carload Weight, 20,000 Lbs.

	From			
	Athens, Tex. Ingleside, " Frankston, " Jacksonville, "		Benton Harbor, Mich., on Michigan Central R. R.	
To	Rates	Miles	Rates	Miles
Dnever, Colo.	94	913	.....	.....
Kansas City, Mo.	96	721	127½	734
Omaha, Neb.	96	920	.....	.....
St. Louis, Mo.			75	452
Chicago, Ill.			47½	102
Cleveland, O.			70	247
Pittsburgh, Pa.			82	446
New York, N. Y.			114½	937

Mileage from Texas is from Athens.
Rates from Texas are commodity rates.
Rates from Michigan to St. Louis, commodity; other points, class.

[fol. 674] Rates, Miles and Revenue per Ton-mile

	To					
	Denver, Colorado			Kansas City, Mo.		
From	Rates	Miles	Revenue per ton-mile	Rates	Miles	Revenue per ton-mile
(1) California X	162	1332	2.43	173	1972	1.75
(1) Emmett, Ida.	112½	937	2.40	135	1447	1.17
(1) Yakima, Wash.	158	1346	2.27	169	1833	1.85
(1) Provo, Utah.	106	701	3.08	135	1204	2.24
(1) Palisade, Colo.	84½	437	3.75	135	940	2.87
(2) Clarksville, Ark.				61	417	2.92
(2) Highland, Ark.				74½	635	2.34
(2) Ft. Valley, Ga.				128	987	2.58
(2) Benton Harbor, Mich.				127½	734	3.47
(2) Athens, Tex.	94	913	2.05	96	721	2.66

X Average distance from California based on 742 miles to Ogden.
(1) Applies on deciduous fruit, except apples.
(2) Applies on peaches.
(3) Applies on grapes.

[fol. 675] Rates, Miles, and Revenue per Ton-mile

To

From	Omaha, Nebraska Rates	Miles	Revenue per ton-mile	St. Louis, Mo. Rates	Miles	Revenue per ton-mile
(1) California X	173	1732	2.00	173	2251	1.53
(1) Emmett, Ida	135	1337	2.02	142½	1743	1.63
(1) Yakima, Wash	169	1736	1.95	187½	2263	1.65
(1) Provo, Utah	135	1239	2.17	142	1487	1.91
(1) Palisade, Col	135	975	2.77	135	1223	2.20
(2) Clarksville, Ark				67	444	3.01
(2) Highland, Ark				74½	474	3.14
(2) Ft. Valley, Ga	131½	1122	2.34	86	708	2.42
(3) North East, Pa				104	651	3.19
(3) Portland, N. Y				104	673	3.09
(2) Benton Harbor, Mich				75	452	3.31
(3) Lawton, Mich				75	419	3.58
(3) Paw Paw, Mich				77	454	3.39
(3) Athens, Tex	96	920	2.08			

X Average distance from California based on 742 miles to Ogden.
(1) Applies on deciduous fruit, except apples.
(2) Applies on peaches.
(3) Applies on grapes.

[fol. 676] Rates, Miles and Revenue per Ton-mile

To

From	Chicago, Illinois Rates	Miles	Revenue per ton-mile	Cleveland, Ohio Rates	Miles	Revenue per ton-mile
(1) California X	173	2220	1.55	173	2577	1.34
(1) Emmett, Ida	150	1817	1.65	187½	2174	1.72
(1) Yakima, Wash	187½	2214	1.69	187½	2571	1.46
(1) Provo, Utah	150	1735	1.72	173	2092	1.65
(1) Palisade, Colo	150	1471	2.04	173	1829	1.89
(2) Clarksville, Ark	83½	730	2.19	118½	980	2.41
(2) Highland, Ark	90	760	2.36	126½	1010	2.54
(2) Ft. Valley, Ga	98	863	2.27	98	850	8.39
(3) North East, Pa	83	450	3.68	48	111	8.64
(3) Portland, N. Y	83	472	3.51	48	133	7.21
(2) Benton Harbor, Mich.	47½	102	9.31	70	247	5.67
(3) Lawton, Mich	51	124	8.22	66½	269	4.94
(3) Paw Paw, Mich	51½	164	6.82	69	391	3.52

X Average distance from California based on 742 miles to Ogden.
(1) Applies on deciduous fruit, except apples.
(2) Applies on peaches.
(3) Applies on grapes.

[fol. 677] Rate, Miles and Revenue per Ton-mile

From	To Pittsburgh, Pa. Rates	Miles	Revenue per ton-mile	To New York, New York Rates	Miles	Revenue per ton-mile
(1) California X	173	2705	1.28	173	3218	1.07
(1) Emmett, Ida.	187½	2285	1.60	187½	2725	1.37
(1) Yakima, Wash.	187½	2682	1.40	187½	3190	1.17
(1) Provo, Utah	173	2024	1.70	173	2540	1.36
(1) Palisade, Colo.	173	1760	1.96	173	2276	1.52
(2) Clarksville, Ark.	128½	1056	2.43	163	1496	2.18
(2) Highland, Ark.	136½	1086	2.51	163	1526	2.13
(2) Ft. Valley, Ga.	103	918	2.24	124½	986	2.53
(3) North East, Pa.	64½	175	7.37	74½	469	3.17
(3) Portland, N. Y.	64½	197	7.37	74½	447	3.33
(2) Benton Harbor, Mich.	82	446	3.67	114½	937	2.44
(3) Lawton, Mich.	77½	400	3.87	117	850	2.75
(3) Paw Paw, Mich.	82	522	3.16	117	933	2.50

X Average distance from California based on 742 miles to Ogden.
(1) Applies on deciduous fruit, except apples.
(2) Applies on peaches.
(3) Applies on grapes.

[fol. 678] Rates, Miles and Revenue per Ton-mile

To	From California X (1) Rates	Miles	Revenue per ton-mile	From Springdale, Ark. (3) Rates	Miles	Revenue per ton-mile
Denver, Colo.	162	1332	2.43	121½	902	2.69
Kansas City, Mo.	173	1972	1.75	81	309	3.94
Omaha, Nebr.	173	1732	2.00	78	504	3.09
St. Louis, Mo.	173	2251	1.53	67	344	3.89
Chicago, Ill.	173	2220	1.55	83½	634	2.63
Cincinnati, O.	173	2613	1.32	120	705	3.40
Pittsburgh, Pa.	173	2705	1.28	144	956	3.01
New York, N. Y.	173	3218	1.07	173	1119	3.09

Tariff Authority for rates from Springdale, Ark:
Johanson's 74-H. I. C. C. No. 1916.
Minimum Carload Weight 20,000 Pounds.
X Average distance from California based on 742 miles to Ogden.
(1) Applies on deciduous fruit, except apples.
(3) Applies on grapes.

[fol. 679] Routing

	From			
	D. & R. G. W. Points	Idaho	Hood River, Yakima	California
Denver, Colo.	1	6	6	12
Kansas City, Mo.	2	6	6	12
Omaha, Nebr.	3	6	6	12
St. Louis, Mo.	2	11	11	13
Chicago, Ill.	3	7	7	14
Cleveland, Ohio	4	8	8	15
Pittsburgh, Pa.	5	9	9	16
New York, N. Y.	5	9	8	17

1.—D. & R. G. W.
2.—D. & R. G. W.—M. P.
3.—D. & R. G. W.—C. B. & Q.
4.—D. & R. G. W.—C. B. & Q.—N. Y. C.
5.—D. & R. G. W.—M. P.—Penn.
6.—U. P. System.
7.—U. P. System—C. & N. W.
8.—U. P. System—C. & N. W.—N. Y. C.
9.—U. P. System—C. & N. W.—Penn.
10.—U. P. System—C. M. & St. P.—Penn.
11.—U. P. System—Wabash.
12.—S. P. to Ogden—U. P.
13.—S. P. to Ogden—U. P.—Wabash.
14.—S. P. to Ogden—U. P.—C. & N. W.
15.—S. P. to Ogden—U. P.—N. Y. C.
16.—S. P. to Ogden—U. P.—C. & N. W.—B. & O.
17.—S. P. to Ogden—U. P.—C. & N. W.—Erie.

[fol. 680] Tariff Authorities for Rates

From	To	Tariff Authority		
		Road or agent		I.C.C.No.
North East, Pa.	New York, N. Y.	NYC & StL	92-P	4610
Portland, N. Y.	Other Pts. shown	Jones	219-A	1534
Palisade, Colo.	Denver, Colo.	D & RGW	5922-B	107
Grand Jct., Colo.	Other Pts. shown	D & RGW	4925-G	117
Provo, Utah	Denver, Colo.	F. Wild's	4-C	18
	Chicago, Ill.	Boyd's	120-C	A-1468
	St. Louis, Mo.	Boyd's	120-C	A-1468
	Other Pts. shown	D & RGW	4925-C	117
Fort Valley, Ga.	Points shown	C. of Ga. Ry.	4	2486
Emmett, Idaho	Points shown	U.P.R.R.		3671
Hood River, Ore. Yakima, Wash.	Points shown	Toll's		1171
Texas	Denver, Colo.	Leland's	6-F	1780
	Other points	Leland's	13-Z	1766
Benton Harbor, Mich.	Kansas City, Mo. Omaha Nebr.	Boyd's	1-Q	A-1652
	St. Louis, Mo.	MPRR	9271-K	5653
	New York, N. Y.	Jones	218-D	1814
	Other points	Jones	224-A	1851
Arkansas	Points shown	Leland's	74-G	1802
Texas	Denver, Colo.	Leland's	6-F	1780
	Other points	Leland's	13-Z	1766
Lawton, Mich. Paw Paw, Mich.	New York, N. Y. Other points	Jones' Jones'	218-D 224-A	1814 1851
California	Points shown	Toll's	3-U	1174

[fol. 681] In connection with this exhibit, it should be borne in mind that the California rate to Group J is $1.62 per hundred pounds and $1.73 rate is applied as a blanket east thereof, to and including the Atlantic Seaboard. The rates from shipping points in other states are not so blanketed.

The rates from Provo, Utah, and Palisade, Colorado, to Cleveland, Ohio, and points east thereof are the same as the California rate, although the haul from Provo, Utah, is 485 miles and from Palisade, 748 miles less than from California.

The rates from Yakima, Washington, to St. Louis, and points east thereof are higher than from California for practically the same distances.

Out of 106 rates upon deciduous fruits from various points to destinations, the earnings per ton mile are higher than the earnings per ton mile from California to eastern destinations, with the exception of five rates.

I compiled the whole of this exhibit myself, and based the same upon personal inquiry among various other carriers of the country, and on personal investigation.

There is movement of deciduous fruit under all of the rates referred to in Defendants' Exhibit No. 175. The total movement on the Oregon-Washington Railroad and Navigation Company, from Washington, of pears, to various eastern points in 1926 was 1,461 cars. In 1926, the carload movement from Central of Georgia Railway points, was 10,028 cars of deciduous fruit. On all of the 106 rates which I have referred to there was a movement during the year 1926 of deciduous fruit.

[fol. 682] Cross-examination:

There was a heavier loading of deciduous fruit per car in 1917 than in other years covered by Defendants' Exhibit No. 174. This was due to war conditions and congestion.

The heavy average loading in 1922 was due to the refrigerator car shortage.

Referring to Exhibit No. 175, it is true that figures of movement and of average loading per car and the seasonal persistence of traffic are pertinent conditions on all rates. This is also true of minimum weight and average loading.

The deciduous fruit season in California is longer than in Georgia. The fruit movement from California is far greater in volume and extends through a greater period of time than any other fruit movement in the United States.

It is true that with increasing mileage there should be a descending rate per ton mile in earnings.

The seasonal movement under many of the rates referred to in Exhibit No. 175 is not comparable in volume to the movement from California to the east. The comparative volume of the movement is a factor in fixing the rate.

[fol. 683] Thereupon T. J. KEENAN was called as a witness on behalf of the Defendants and, having been duly sworn, testified as follows:

I am Auditor of Freight Accounts, Los Angeles & Salt Lake Railroad Co., and have held that position for three and a half years. For 20 years I have held positions ranging from clerk to chief clerk, accounting department.

There has been very little fluctuation in the average loading of decid-ous fruit between 1918 and 1926 inclusive. In 1922, however, there was a high average loading due to a car shortage. There has been no substantial increase in grape loading since 1918 on the Los Angeles & Salt Lake Railroad. The document now shown to me and marked as Defendants' Exhibit No. 178 shows the average load per carload in tons of deciduous fruits originating on the Los Angeles & Salt Lake Railroad and their lines connecting in California between 1918 and 1926 inclusive.

Thereupon there was offered and admitted in evidence Defendants' Exhibit No. 178, which is in the following form:

(Here follows Defendants' Exhibit No. 178, marked side folio page 684)

[fol. 685] Thereupon LOUIS E. WETTLING was called as a witness on behalf of the Defendants and, after having been duly sworn, testified as follows:

I am Manager of the Statistical Bureau of the Western lines. For the past 12 years I have made compilations and studies with regard to railroad earnings and various other statistics and data for presentation in rate cases, generally.

I have prepared a statement showing the total of all expenses and the proportion assigned to freight train operations for the year 1925 for 8 western railroads enumerated at the bottom of page one of this exhibit, and for 4 eastern systems, also therein enumerated. These systems are taken as typical of, and carrying a very large proportion of the freight tonnage from California to the east. That represents 61,047 miles of railroad for the western roads and 24,662 miles of eastern railroads.

The division between freight and passenger expense is made thereon under the rules of the Interstate Commerce

[fol. 684]

EXHIBIT No. 178

Witness: Keenan

I. C. C. Docket 19130

Union Pacific System

Statement Showing the Number of Cars and Tons, Also Average Load Per Carload, in Tons, of Deciduous Fruits, Segregated by Kinds, Originating on the L. A. & S. L. R. R. and Short Line Connections in California, Destined to Points Taking Groups A to M Inclusive Rates in Trans-Continental Eastbound Tariff 3-U for Years 1918 and 1920 to 1926 Inclusive

For the Calendar Years

Commodity	1918			1920			1921			1922		
	Carloads	Tons	Ave. load in tons	Carloads	Tons	Ave. load in tons	Carloads	Tons	Ave. load in tons	Carloads	Tons	Ave. load in tons
Apples	3	65	21.67	5	90	18.00						
Grapes	651	10,156	15.60	309	4,845	15.68	256	3,895	15.21	664	11,282	16.99
Peaches	2	32	16.00				11	146	13.27			
Pears	5	78	15.60							6	80	13.33
Plums	2	26	13.00	2	26	13.00	8	110	13.75	12	171	14.25
Quinces										1	15	15.00
Mixed Fruits										1	15	15.00
Total of All Deciduous Fruits	663	10,357	15.62	316	4,961	15.70	275	4,151	15.09	684	11,563	16.90

For the Calendar Years

Commodity	1923			1924			1925			1926		
	Carloads	Tons	Ave. load in tons	Carloads	Tons	Ave. load in tons	Carloads	Tons	Ave. load in tons	Carloads	Tons	Ave. load in tons
Apples	2	35	17.50									
Grapes	594	9,346	15.73	743	11,332	15.25	771	1,160	15.15	672	10,500	15.63
Peaches	6	80	13.33				1	13	13.00			
Pears	2	27	13.50									
Plums	5	66	13.20	7	106	15.14	9	118	13.11	9	118	13.11
Quinces												
Mixed Fruits												
Total of All Deciduous Fruits	609	9,554	15.69	750	11,438	15.25	781	11.811	15.12	681	10,618	15.59

Compiled by Auditor, Los Angeles & Salt Lake Railroad Co., Los Angeles, Calif., March 23, 1927.
Requested by, R. B. Robertson, Assistant Traffic Manager.

Commission. Upon this exhibit there is deducted from gross expense an expense entitled "unrelated items," the same being those which have no direct relation to train operations. The purpose of this deduction is to reduce the costs to train operating costs only. This shows a freight proportion of all expenses for the 8 western railroads of $665,434,959.15, and for the eastern systems $845,764,175.15.

On page two of this exhibit is a showing of car miles, loaded and empty, revenue and non-revenue and also caboose and working equipment expense, together with a gross total, the net total expense, the net ton miles, the [fol. 686] tare ton miles, and finally, the total gross ton miles of all freight traffic.

This results in a showing of a total non-revenue gross ton mile of something in excess of twenty-two billions, this service being performed in behalf of both freight and passenger. This is then apportioned to freight and passenger expenses under the rules of the Interstate Commerce Commission.

As a result, a cost per gross ton mile of 3.325965 mills is shown for the western roads and 3.762793 mills per gross ton mile for the eastern systems.

On page three of the exhibit, these calculations are applied to deciduous fruit, except apples, and shows a total gross tons per car of 57.72.

To these figures are then added the respective proportions of the non-revenue gross tons, showing a final gross ton per car on the average on western roads for deciduous fruit of 62.87, and on the eastern roads 61.46. Thereafter, these figures are applied to short line mileages, and finally, on page four of the exhibit, are applied to the carriage of deciduous fruits from certain points therein named to Chicago and from Chicago to five points in the eastern district.

This exhibit is not presented to indicate the actual cost to the carriers of handling deciduous fruit traffic, but is a comparison based upon the results as a whole, and assuming that the same cost per gross ton mile applies to one traffic as well as another; the average being fairly close, it seems reasonable to apply this cost to this freight.

[fol. 687] Thereupon, there was offered and admitted in evidence, Defendants' Exhibit No. 179, which is in the following form:

[fol. 688] DEFENDANTS' EXHIBIT No. 179

I. C. C. Docket No. 19130

Total All Expenses and Proportion Assigned to Freight-train Operations, 1925

8 Systems—Western District

Operating expenses, taxes, uncollectible railway revenues, equipment, and joint facility rents	$945,763,709.85
Less not related items, not identified with train operations	24,239,666.18
Less passenger proportion all expenses	256,089,084.52
Freight proportion all expenses	$665,434,959.15

4 Systems—Eastern District

Operating expenses, taxes, uncollectible railway revenues, equipment, and joint facility rents	$1,156,248,195.62
Less not related items, not identified with train operations	20,359,649.18
Less passenger proportion all expenses	290,124,371.29
Freight proportion all expenses	$845,764,175.15

Western roads	Mileage operated	Eastern roads	Mileage operated
A. T. & S. F. Sys	12,077.20	Baltimore & Ohio	5,294.04
C. & N. W. Ry	8,469.32	Erie System	2,451.07
C. M. & St. P. Ry	11,205.59	N. Y. C. R. R.	6,401.53
D. & R. G. W. R.R.	2,574.82	Pennsylvania	10,515.34
Missouri Pacific	7,337.72		24,661.98
So. Pac.-Pac. Lines	8,763.78		
Union Pac. Sys	9,575.78		
Western Pacific	1,042.68		
	61,046.89		

NOTE.—Data and freight-passenger separation from special reports of carriers.

Statistical Bureau—Western Lines, Chicago.

[fol. 689] EXHIBIT No. 179

Page 2

I. C. C. Docket No. 19130

Ascertainment of Gross Ton-mile Costs, 1925

8 Systems—Western District

Car miles	Total	Non-revenue	Revenue
Loaded	3,453,970,297	253,638,928	3,200,331,369
Empty	1,828,117,608	190,229,196	1,637,888,412
Total	5,282,087,905	443,868,124	4,838,219,781
	100.00	8.40	91.60
Caboose	116,319,131	116,319,131	.....
Work equipment	14,036,875	14,036,875	.....
Total	5,412,443,911	574,224,130	4,838,219,781
Net ton miles	80,212,458,309	10,145,557,139	70,066,901,170
Tare ton miles, loaded and empty	117,876,879,574	9,901,657,884	107,975,221,690
		8.40	91.60
Ton-miles, caboose (15 T)	1,744,786,965	1,744,786,965	.....
Ton-miles, work (17 T)	238,626,875	238,626,875	.....
Total gross ton miles	200,072,751,723	22,030,628,863	178,042,122,860
Freight proportion	72.21	15,908,317,102	.....
		8.93	100.00

$665,434,959.15 / 3.325965 mills per gross ton mile.
200,072,751,723

4 Systems—Eastern District

Car miles:			
Loaded	3,549,087,819	208,513,750	3,340,574,069
Empty	2,009,368,444	156,385,313	1,852,983,131
Total	5,558,456,263	364,899,063	5,193,557,200
	100.00	6.56	93.44
Caboose	116,202,067	116,202,067	.....
Work equipment	6,344,971	6,344,971	.....
Total	5,681,003,301	487,446,101	5,193,557,200
Net ton miles	103,539,653,766	8,340,550,016	95,199,103,750
Tare ton miles, loaded and empty	119,379,773,493	7,831,313,141	111,548,460,352
		6.56	93.44
Ton miles, caboose (15 T)	1,743,031,005	1,743,031,005	.....
Ton miles, work (17 T)	107,864,507	107,864,507	.....
Total gross ton miles	224,770,322,771	18,022,758,669	206,747,564,102
Freight proportion	74.46	13,419,746,105	
		6.49	100.00

$845,764,175.153.762793 mills per gross ton mile.
224,770,322,771

Statistical Bureau—Western Lines, Chicago.

[fol 690]

EXHIBIT No. 179

Page 3

I. C. C. Docket No. 19130

Gross Tons per car, 1925

	Western roads, deciduous fruits except apples		Eastern roads, deciduous fruits except apples
Revenue tons per car	14.15		14.15
Tare tons per car	26.00		26.00
Per cent empty haul (67.58)	17.57		17.57
	57.72		57.72
Fri. proportion non-rev. gross tons 8.93	5.15	8.49	3.74
Total gross tons per car	62.87		61.46

Short-line Mileage

Lodi, Cal. to Chicago (Sou. Pac.-U. P.-C. & N. W.)	2,207	Miles
Reedley, Cal. to Chicago (A. T. & S. F.)	2,361	"
Wineville, Cal. to Chicago (L. A. & S. L.-U. P.-C. & N. W.)	2,253	"
Chicago to Pittsburgh (Penna.)	468	Miles
" " Philadelphia (Penna.)	817	"
" " Baltimore (Penna.)	795	"
" " New York (Erie) not short line mileage	998	"
" " Boston (N. Y. C.-B. & A.)	1,037	"

Western roads	Gross ton-miles
Lodi, Cal. to Chicago, 2,207 miles at 62.87 tons	138,754
Reedley, Cal. to Chicago, 2361 miles at 62.87 tons	148,436
Wineville, Cal. to Chicago, 2253 miles at 62.87 tons	141,646

	Eastern roads	Gross ton-miles
Chicago to	Pittsburgh, 468 miles at 61.46 tons	28,763
	Philadelphia, 817 miles at 61.46 tons	50,213
	Baltimore, 795 miles at 61.46 tons	48,861
	New York, 998 miles at 61.46 tons	61,337
	Boston, 1,037 miles at 61.46 tons	63,734

Average light weight per car, 52,000 lbs., or 26. tons.
Average load deciduous fruits except apples, 28,300 lbs. or 14.15 tons.
Statistical Bureau—Western Lines, Chicago.

fol. 691] EXHIBIT No. 179

Page 4

I. C. C. Docket No. 19130

Total Cost per Car and Cwt. on Deciduous Fruits, 1925

		Gross ton-miles	Cost per gross ton-mile mills	Total cost per car	Cost per cwt.
Lodi, Cal., to Chicago		138,754	3.325965	$461.49	$1.63
Chicago to	Pittsburgh	28,763	3.762793	108.22	.38
	Philadelphia	50,213	"	188.94	.67
	Baltimore	48,861	"	183.85	.65
	New York	61,337	"	230.79	.82
	Boston	63,734	"	239.82	.85
	Cost of Entire Haul				
Lodi to	Pittsburgh	.....	.....	$589.71	$2.01
	Philadelphia	.....	.....	650.43	2.30
	Baltimore	.....	.....	645.34	2.28
	New York	.....	.....	692.28	2.45
	Boston	.....	.....	701.31	2.48
Reedley, Cal., to Chicago		148,436	3.325965	$493.69	$1.74
Chicago to	Pittsburgh	28,763	3.762793	108.22	.38
	Philadelphia	50,213	"	188.94	.67
	Baltimore	48,861	"	183.85	.65
	New York	61,337	"	230.79	.82
	Boston	63,734	"	239.82	.85
	Cost of Entire Haul				
Reedley, Cal., to	Pittsburgh	.....	.....	$601.91	$2.13
	Philadelphia	.....	.....	682.63	2.41
	Baltimore	.....	.....	677.54	2.39
	New York	.....	.....	724.48	2.56
	Boston	.....	.....	733.51	2.59
Wineville, Cal., to Chicago		141,646	3.325965	$471.11	$1.66
Chicago to	Pittsburgh	28,763	3.762793	108.22	.38
	Philadelphia	50,213	"	188.94	.67
	Baltimore	48,861	"	183.85	.65
	New York	61,337	"	230.79	.82
	Boston	63,734	"	239.82	.85
	Cost of Entire Haul				
Wineville, Cal., to	Pittsburgh	.....	.....	$579.33	$2.04
	Philadelphia	.....	.....	660.05	2.33
	Baltimore	.....	.....	654.98	2.31
	New York	.....	.....	701.90	2.48
	Boston	.....	.....	710.93	2.51

Statistical Bureau—Western Lines, Chicago.

[fol. 692] Cross-examination:

The average haul of freight on all of the railroads of the United States as a whole upon the latest available figures is about 325 miles. In 1924 the average haul for the western lines was 237 miles in round figures for all traffic, carload traffic alone. It is 235.28 miles on the total average.

The operating costs which I have used in the compilation of Exhibit No. 179 includes the cost of handling long haul traffic and short haul traffic, the cost of branch line traffic and main line traffic, the cost of interstate and intrastate traffic, and carload and less than carload traffic.

Redirect examination:

To deduct from the total costs that portion of the less than carload terminal cost in which the carload traffic does not participate would reduce the average about 5.75 per cent, that is to say, the average cost per car mile or per hundred pounds.

Thereupon J. E. Williams was called as a witness on behalf of the defendants and, having been duly sworn, testified as follows:

I am Vice-Chairman of the Central Freight Association. The Central Freight Association is an association of the carriers running east from the Missouri River and Lake Michigan to and including Buffalo and Pittsburgh and north [fol. 693] of the Ohio River, including the Grand Trunk Railway. I have had a number of years of railroad traffic work experience prior to holding my present position which I have held for four or five years. The Central Freight Association handles practically all of the rate matters that are submitted to it by any of its members. I am Chairman of the Central Freight Association Committee, which has principally to do with the transcontinental rates. The principal lines in the Central Freight Association, which originates, and which also handles deciduous fruit traffic, are members of this Committee.

I have prepared an exhibit showing rates, distances and routes on grapes, apples and peaches from points in Michigan to various consuming points. In this exhibit I have used nine of the principal shipping points in Michigan on the Pere Marquette Railway and thirty to forty destination points.

Thereupon said exhibit was offered and introduced in evidence and marked Defendants' Exhibit No. 183 and is in the following form:

(Here follows Defendants' Exhibit No. 183, marked side folio pages 694 and 695.)

[fol. 696] Cross-examination:

As a rule the movement of fruit from Ludington, Michigan, is an all-rail movement. The bulk of the Michigan fruit traffic is originated on the Pere Marquette Railway. It is handled both in trainload lots and in mixed trains, although at the height of the movement the trains are lighter as a rule.

[fol. 697] V. M. Parshall was thereupon called as a witness on behalf of the defendants and, having been duly sworn, testified as follows:

I am Director of the Traffic Bureau of the New York State Department of Agriculture and Markets. I have been with the State of New York about a year. Prior to that time I had approximately thirteen years of traffic experience. I appear here at the request of the Department of Agriculture of the States of Pennsylvania and Michigan. The New York State Department of Agriculture and Markets and the Pennsylvania department, are governmental departments of the State of New York and the Commonwealth of Pennsylvania, respectively. The Michigan department is a department of the State of Michigan. It is the view of the Department of Agriculture of the State of New York that the interests of the producers of deciduous fruit in our state would be adversely affected by a reduction in the rates on deciduous fruits from California. We have for a long time viewed the transcontinental rates as

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[fol. 694]

EXHIBIT No. 183

Witness: J. E. Williams

I. C. C. Docket 19130

Statement Showing Rates, Distances and Routes on Grapes, Apples and Peaches From Michigan Origin Points to Various Consuming Points

From	Bangor, Mich.				Coloma, Mich.				Fenneville, Mich.				Hartford, Mich.			
		Rates on				Rates on				Rates on				Rates on		
To	Miles	Grapes	Peaches	Apples	Miles	Grapes	Peaches	Apples	Miles	Grapes	Peaches	Apples	Miles	Grapes	Peaches	Apples
Albuquerque, N. M.	1,470	210½	280	136	1,455	207½	277	135	1,481	283	213½	137½	1,462	209½	279	135½
Baltimore, Md.	821	114	114	50	805	116½	116½	51	850	114	114	50	813	114	114	50
Boston, Mass.	944	123	123	56	956	125½	125½	57	896	123	123	56	948	123	123	56
Charleston, W. Va.	526	84½	84½	35	509	84½	84½	35	546	87	87	36	517	84½	84½	35
Charlotte, N. C.	945	188½	202½	91	929	188½	202½	91	965	191	205	92	937	188½	202½	91
Chattanooga, Tenn.	653	150½	162	68½	637	150½	162	68½	673	153	164½	69½	645	150½	162	68½
Cheyenne, Wyo.	1,118	192½	219½	123½	1,103	189½	216½	122½	1,129	195½	222½	125	1,110	191½	218½	123
Chicago, Ill.	123	52½	52½	21½	108	51½	51½	21	134	57½	57½	23	115	51½	51½	21
Cincinnati, Ohio	291	70	70	29	271	70	70	29	308	72½	72½	30	279	70	70	29
Cleveland, Ohio	290	69	69	28½	299	70	70	29	296	7'½	71½	29½	302	69	69	28½
Columbus, Ohio	306	72½	72½	30	298	70	70	29	312	74	74	30½	306	70	70	29
Dallas, Tex.	1,065	194½	112½	112½	1,049	192½	112½	112½	1,085	198½	112½	112½	1,057	194½	112½	112½
Denver, Colo.	1,141	192½	219½	123½	1,126	189½	216½	122½	1,165	195½	222½	125	1,133	191½	218½	123
Detroit, Mich.	213	62	62	25½	229	65	65	27	193	62	62	25½	221	62	62	25½
Fargo, N. D.	708	168½	168½	80½	725	170	170	81	690	173½	173½	82½	718	170	170	81
Ft. Scott, Kan.	672	128½	137	71	657	127½	134	70	683	136½	142	72½	694	127½	136	70½
Houston, Tex.	1,193	194½	112½	112½	1,177	192½	112½	112½	1,213	198½	112½	112½	1,057	194½	112½	112½
Indianapolis, Ind.	198	65½	65½	27	177	64	64	26½	214	67½	67½	28	186	64	64	26½
Kansas City, Mo.	574	136½	136½	63½	559	133½	133½	62½	585	139½	139½	63½	566	135½	135½	63
LaCrosse, Wis.	340	111	111	43	355	106½	106½	43	320	114	114	43	348	106½	106½	43
Louisville, Ky.	308	75½	75½	32	287	74	74	31½	324	77	77	32½	296	74	74	31½
Memphis, Tenn.	577	123½	96	47½	562	123½	95	47½	588	123½	100	47½	569	123½	96	47½
Miami, Fla.	1,502	287½	305½	152	1,486	287½	305½	152	1,522	290	308	153	1,494	287½	305½	152
Milwaukee, Wis.	142	57½	57½	23½	158	59½	59½	24	122	57½	57½	23½	150	59½	59½	24
Montreal, Que.	783	117	117	53½	799	119½	119½	54	763	119½	119½	54	791	119½	119½	54
Nashville, Tenn.	529	134½	143	56	513½	134½	143	56	540	137	145½	57	521	134½	143	56
Newark, N. J.	830	117	117	53	814	119½	119½	54	823	117	117	53	822	117	117	53
New Bedford, Mass.	977	123	123	56	993	125½	125½	57	957	123	123	56	1,004	123	123	56
New York, N. Y.	860	117	117	53	875	119½	119½	54	839	117	117	53	868	117	117	53
Orlando, Fla.	1,283	259½	232½	122½	1,267	259½	232½	122½	1,303	262	235	123½	1,275	259½	232½	122½
Philadelphia, Pa.	841	115	115	51	825	117½	117½	52	836	115	115	51	833	115	115	51
Pittsburgh, Pa.	467	82	82	34	447	82	82	34	495	82	82	34	455	82	82	34
Providence, R. I.	944	123	123	56	960	125½	125½	57	924	123	123	56	952	123	123	56
Richmond, Va.	895	114	114	50	879	116½	116½	51	915	114	114	50	887	114	114	50
St. Paul, Minn.	468	119½	119½	48	483	119½	119½	48	448	119½	119½	48	476	119½	119½	48
Salt Lake City, Utah	1,638	270½	329½	203½	1,623	267½	326½	202½	1,649	223½	332½	205	1,630	269½	328½	203
Shawnee, Okla.	893	173½	153	100½	877	172	153	100½	913	178	153	100½	885	172	153	100½
Washington, D. C.	794	114	114	50	778	116½	116½	51	787	114	114	50	786	114	114	50
Wilkesbarre, Pa.	730	115	115	51	745	117½	117½	52	709	115	115	51	738	115	115	51
Winona, Minn.	364	115	115	44½	370	110	110	44½	344	117½	117½	44½	378	110	110	44½

[fol. 695]

EXHIBIT No. 183—Continued

Witness: J. E. Williams

I. C. C. Docket 19130

Statement Showing Rates, Distances and Routes on Grapes, Apples and Peaches From Michigan Origin Points to Various Consuming Points

From	Ludington, Mich.				Paw Paw, Mich.				Shelby, Mich.				Stevensville, Mich.				St. Joseph, Mich.			
		Rates on				Rates on				Rates on				Rates on				Rates on		
To	Miles	Grapes	Peaches	Apples	Miles	Grapes	Peaches	Apples	Miles	Grapes	Peaches	Apples	Miles	Grapes	Peaches	Apples	Miles	Grapes	Peaches	Apples
Albuquerque, N. M.	1,501	231½	301	145	1,478	209½	279	135½	1,569	229½	299	144	1,436	205	274½	134	1,443	205½	275	134
Baltimore, Md.	812	121½	121½	53½	829	114	114	50	809	121½	121½	53½	787	116½	116½	51	814	116½	116½	51
Boston, Mass.	946	130½	130½	59½	914	123	123	56	906	130½	130½	59½	974	125½	125½	57	927	125½	125½	57
Charleston, W. Va.	627	96	96	39½	541	84½	84½	35	593	96	96	39½	453	83½	83½	34½	460	83½	83½	34½
Charlotte, N. C.	1,107	202	216	96½	952	188½	202½	91	1,044	202	216	96½	911	188½	202½	91	911	188½	202½	91
Chattanooga, Tenn.	815	164	175½	74	660	150½	162	68½	752	164	175½	74	619	150½	162	68½	619	150½	162	68½
Cheyenne, Wyo.	1,108	213½	240½	132½	1,126	191½	218½	123	1,217	211½	238½	131½	1,084	187	214	121½	1,091	187½	214½	121½
Chicago, Ill.	285	73½	73½	30½	131	51½	51½	21	222	71½	71½	29½	89	47½	47½	19½	96	47½	47½	19½
Cincinnati, Ohio	450	83½	83½	34½	303	70	70	29	368	83½	83½	34½	271	70	70	29	264	70	70	29
Cleveland, Ohio	379	82½	82½	34	323	69	69	28½	348	82½	82½	34½	299	71½	71½	29½	292	70	70	29
Columbus, Ohio	423	83½	83½	34½	330	70	70	29	388	83½	83½	34½	298	71½	71½	29½	291	70	70	29
Dallas, Tex.	1,136	217	130	122	1,077	194½	112½	112½	1,164	210½	123½	120	1,031	190	112½	112½	1,038	190	112½	112½
Denver, Colo.	1,144	213½	240½	132½	1,161	191½	218½	123½	1,252	211½	238½	125	1,107	187	214	121½	1,126	187½	214½	121½
Detroit, Mich.	244	71	71	29	237	62	62	25½	239	69½	69½	28½	247	67½	67½	28	240	65	65	27
Fargo, N. D.	611	167	167	80	733	170	170	81	695	173½	173½	82½	727	171½	171½	81½	734	170	170	81
Ft. Scott, Kan.	709	149½	158	80	680	127½	136	70½	771	147½	136½	79	638	123½	132	69	645	123½	132	69
Houston, Tex.	1,282	217	130	122	1,205	194½	112½	112½	1,292	210½	120	123½	1,159	190	112½	112½	1,166	190	112½	112½
Indianapolis, Ind.	380	80½	80½	33	201	64	64	26½	316	79	79	32½	174	63½	63½	26	167	63½	63½	26
Kansas City, Mo.	512	157½	157½	72½	582	121½	135½	63	673	155½	155½	68	540	131	131	61½	547	118½	131½	61½
LaCrosse, Wis.	297	94	94	34½	363	108½	108½	43	325	114	114	43	374	107	107	43	367	107	107	43
Louisville, Ky.	490	92	92	39	311	74	74	31½	426	88½	88½	37½	284	74	74	31½	277	74	74	31½
Memphis, Tenn.	745	135½	153½	52	585	123½	96	47½	676	135½	115½	52	544	123½	88	47½	604	123½	139½	47½
Miami, Fla.	1,664	301	319	157½	1,509	287½	305½	152	1,601	301	319	157½	1,468	287½	305½	152	1,468	287½	305½	152
Milwaukee, Wis.	100	51	51	21	166	59	59	24	128	57½	57½	23	174	55½	55½	22½	170	55½	55½	22½
Montreal, Que.	732	124½	124½	56½	807	117½	117½	53½	809	124½	124½	56½	817	119½	119½	54	810	119½	119½	54
Nashville, Tenn.	691	148	156½	61½	537	134½	143	53	628	148	156½	61½	494½	134½	143	56	501	134½	143	56
Newark, N. J.	855	124½	124½	56½	837	117	117	53	870	124½	124½	56½	796	119½	119½	54	803	119½	119½	54
New Bedford, Mass.	984	130½	130½	59½	1,001	123	123	56	1,004	130½	130½	59½	1,012	125½	125½	57	1,005	125½	125½	57
New York, N. Y.	866	124½	124½	56½	883	117	117	53	886	124½	124½	56½	894	119½	119½	54	887	119½	119½	54
Orlando, Fla.	1,445	273	246	128	1,290	259½	232½	122½	1,382	273	246	128	1,249	259½	232½	122½	1,149	259½	233½	122½
Philadelphia, Pa.	886	122½	122½	54½	854	115	115	51	851	122½	122½	54½	807	117½	117½	52	814	117½	117½	52
Pittsburgh, Pa.	537	91½	91½	37½	471	82	82	34	534	91½	91½	37½	447	82	82	34	440	82	82	34
Providence, R. I.	951	130½	130½	59½	968	123	123	56	971	130½	130½	59½	979	125½	125½	57	972	125½	125½	57
Richmond, Va.	948	121½	121½	53½	902	114	114	50	945	121½	121½	53½	861	116½	116½	51	868	116½	116½	51
St. Paul, Minn.	369	104½	104½	39½	492	119½	119½	48	454	119½	119½	48	485	119½	119½	48	492	119½	119½	48
Salt Lake City, Utah	1,628	291½	250½	212½	1,646	269½	328½	203	1,737	289½	348½	211½	1,684	265	324	201½	1,611	265½	324½	201½
Shawnee, Okla.	1,007	197	170	110	905	172	153	100½	992	197½	164	108	859	169	153	100½	866	169	153	100½
Washington, D. C.	839	121½	121½	53½	801	114	114	50	834	112½	121½	53½	760	116½	116½	51	767	116½	116½	51
Wilkesbarre, Pa.	748	122½	122½	54½	753	115	115	51	760	122½	122½	54½	759	117½	117½	52	761	117½	117½	52
Winona, Minn.	322	97	97	35½	388	111½	111½	44½	350	117½	117½	44½	352	110½	110½	44½	359	110½	110½	44½

preferential to California and prejudicial to our shippers.

We are apprehensive that if the reduction asked for in this proceeding is granted by the Commission that similar reductions will follow as a natural consequence for commodities that are not here involved. For example, the apple rate of $1.50 from the south to the Pacific Coast would be open to attack if a rate of $1.44 is established on deciduous fruit other than apples; and similar treatment might follow as to vegetables and other commodities which are now actively in competition with the products of New York and Pennsylvania in our markets.

[fol. 698] The principal grape producing area in the eastern market is the Chautauqua and Erie Belt, which is located partly in New York State and partly in Pennsylvania. In addition, grapes are produced in New York State, in the central or Finger Lakes region, around Seneca and Keuka Lakes, and in the Lower Hudson Valley. The Michigan grape belt is in the southwest corner of the state. The Chautauqua and Erie belt, so-called, contains about 40,000 acres devoted to the growth of grapes.

In 1926 the total production of grapes in the Chautauqua and Erie belt amounted to 8,188 ten-ton cars and for the twenty-seven years between 1899 and 1927, the production averaged 5,555 cars.

Between 1903 and 1912 there was a steady increase in the shipment of grapes from California into our territory, having increased from 1,804 cars in 1903 to 6,357 cars in 1912, an average annual shipment over this period of 3,775 cars.

I have been unable to obtain the shipments from California for the period from 1912 to 1917. The total shipments in 1925, of grapes from California, was 75,858 carloads; in 1926, 63,549 carloads. The shipments during the same period from the Chautauqua and Erie belt amounted to 4,352 carloads for 1925, and 8,357 carloads for 1926.

In 1924, shipments from Michigan to eastern points, of grapes, amounted to 4,680 cars; in 1925, 398 cars, and in 1926, 3,012 cars.

The document now shown to me, marked for identification as Intervenors' Exhibit No. 185, shows the comparative shipments of grapes from important states of the United States for six years from 1921 to 1926, inclusive.

[fol. 699] Thereupon there was offered and admitted in evidence Intervenors' Exhibit No. 185, which is in the following form:

[fol. 700]

INTERVENOR'S EXHIBIT No. 185

Witness: Paisbell

Comparative Shipments of Grapes from Important States for Six Years, 1921 to 1926, Inclusive

	1921	1922	1923	1924	1925	1926*	Total	Average
California	33,344	43,952	55,348	57,695	75,858	63,549	329,746	54,958
Michigan	1,292	6,020	4,202	4,680	398	3,012	19,604	3,267
New York	2,535	7,720	4,312	5,641	3,763	7,002	30,973	5,162
Pennsylvania	390	1,558	847	1,166	589	1,355	5,905	984
Others	256	669	627	751	1,061	2,667	6,031	1,005
Total	37,817	59,919	65,336	69,933	81,669	77,585	392,259	65,376
California per cent of total	88%	73%	85%	83%	93%	82%	.....	84%

Source: 1921 to 1925, California Grape Deal, 1925 Season, U. S. Department of Agriculture.
*Feb. 1, 1927, report, subject to revision, U. S. Department of Agriculture.

[fol. 701] In the majority of the important markets, California, each year, and over the full year period, furnishes a larger proportion of the total unloads. For example, at Boston, during the 4-year period from 1923 to 1926, inclusive, there were unloaded 17,397 cars from California, and 1,506 cars from New York and Pennsylvania. At Chicago, for the same period, 21,106 cars originated in California and 738 from New York and Pennsylvania. As to Chicago, Michigan shipped 2,351 cars during the 4-year period. At New York City, 60,061 cars came from California and 3,419 from New York and Pennsylvania. The only markets for New York and Pennsylvania grapes are Philadelphia and Pittsburgh, where the products are conspicuous and even at these markets New York and Pennsylvania furnishes less than 20 per cent of the total.

In the smaller markets of Pennsylvania, the shipments from California, over a 4-year period of 1923 to 1926, inclusive, were more than 3½ times as great as the shipments from New York and Pennsylvania.

During the last few years shipments of grapes from California have substantially increased in excess of any other representative period; California grapes are the dominating factor in every important market and their distribution covers the entire United States. On the other hand, shipments from eastern states have fluctuated during this period, and, in spite of the increased consumption of grapes as a whole in important markets, the shipments from the eastern states to these markets as a whole have not shown any appreciable increase.

For several years embargoes have been in effect during the period in which New York and Pennsylvania grapes [fol. 702] begin to move. These embargoes are caused by the heavy movement of California grapes to the east and the congestion resulting from that and frequent diversions and reconsignments.

Many detentions, some of them averaging 10.8 days for 168 cars, happen during the latter part of September and the early part of October, when the New York movement of grapes commences. In practically every important terminal in the east there is utter congestion with shipments of California grapes during the total period when eastern

grapes are being produced. California has a number of important advantages over eastern producers in the raising of grapes. The major advantage is favorable climatic conditions, which are dependable in California. In the east the crop fluctuates. California vines yield more heavily than those in the east. The California yield per vine is slightly in excess of twice that of New York and Pennsylvania.

It is not our purpose in this connection that California should be deprived of the natural advantages which she has as to the production of grapes. It is, however, our position that the present rate not only does not deprive California of these natural advantages, but does deprive us of the natural advantage to which we are entitled, that is, proximity to our markets.

While grapes from California move on commodity rates over an extremely large territory, our grapes move almost entirely on second-class rates.

The average haul of the New York state grapes in 1923 was 354 miles and the average rate 68.5¢. In our traffic there are practically no reconsignments and our shipments [fol. 703] are confined to official classification territory.

California present rates represent an increase of 23¢ per hundred pounds over the rate in effect in 1897, as compared with an increase of 35.5¢ per hundred pounds over the same period from New York. The increase in percentage as to California is 17.3 per cent and as to New York 91.1 per cent.

The document now shown to me marked for identification as Intervenors' Exhibit No. 191, shows the relative price levels of Chautauqua and Erie grapes and California grapes between the years 1919 and 1926.

Thereupon there was offered and admitted in evidence Intervenors' Exhibit No. 191, which is in the following form:

[fol 704]

EXHIBIT No. 191

Table No. 6

Comparisons Between Chautauqua-Erie and California Crops

Year	Production of grapes to market as fresh fruit		Farm value per ton		Total farm value	
	C. & E. Belt, tons	California, tons	C. & E. Belt, tons	California	C. & E. Belt	California
1919	49,210	600,000	$93.93	$58.33	$4,622,411	$35,000,000
1920	53,500	565,000	128.12	73.51	6,854,740	41,535,000
1921	13,760	520,000	123.71	77.57	1,702,260	40,340,000
1922	78,570	758,000	69.89	59.21	5,490,900	44,880,000
1923	39,450	870,000	60.01	37.01	2,367,240	32,200,000
1924	52,000	855,000	59.95	45.20	3,117,240	38,650,000
1925	32,790	1,112,000	90.01	34.21	2,951,460	38,040,000
1926	81,880	1,000,000	31.07	32.16	2,544,322	32,155,000
Total, 8 years	401,160	6,280,000	.....	.....	$29,650,573	$302,800,000
Average	50,145	785,000	$73.91	$48.22	$3,706,322	$37,850,000

[fol. 705] This exhibit shows that whatever factors influence the price of California grapes, makes their results apparent in the price of eastern grapes.

A characteristic representative shipping point from the Cha-ta-qua Erie grape producing belt to Chicago is Brockton, New York, which is 491 miles from Chicago. The rate from Brockton to Chicago on grapes is 83¢ per hundred pounds. If the theory which has been characterized in this proceeding as the square root theory were applied to the rate on grapes for a haul of 2,909 miles, using as the basis this Brockton-Chicago rate, it would give us a rate of approximately $2.03.

Cross-examination:

Our fruit growers are not prejudiced by the marketing of California apricots in New York and other eastern cities, nor by the marketing of California plums. Our real peach competition is from Georgia. We are not, therefore, objecting to the rates proposed upon apricots, plums or peaches.

Our chief concern is with the rates upon grapes. The pear movement from California is largely out of the way before the New York pear movement starts in substantial volume.

The California grapes appear in the market at a very much earlier date than the New York grapes. The New York grapes commence to move on or about October 6th. For a period of nearly three months before that time Cali- [fol. 706] fornia grapes are being marketed in more or less quantities. We are not in competition with the early grapes from California.

It is not true that the Concord grape makes its own market, irrespective of the presence of California grapes.

In 1926, we had a large crop of comparatively poor value, and in 1925, a relatively small crop with a total failure of the Michigan crop, and a very high quality. The result is that we enjoyed relatively high prices in 1925, and this is true notwithstanding the fact that California marketed more grapes in the East than in any prior year. In the following year the California shipments decreased, and nevertheless our prices diminished from $90.00 a ton in 1925 to $30.00 a ton in 1926. Other things being equal,

the withdrawal or diminution of the California grape shipments would tend to improve our prices. In the year 1926, other things were not equal in that we had a very large crop in New York and Michigan, although of very poor quality, and our prices broke. I do not contend that my showing for the two years, 1925 and 1926, will substantiate the theory that the California grape is injuring the market for the New York grape.

Notwithstanding the increase in grape shipments between 1923 and 1925, the price obtained for our grapes also increased due to other reasons.

Considering simply the changes in rates which have taken effect since June 24, 1918, and confining ourselves to the period intervening between that time and the present, our position with reference to rates has been improved relatively to the California grape grower. This is also true if we consider the period of time intervening between February, 1915, and the present.

[fol. 707] WILSON ROOP was thereupon called as a witness on behalf of the Intervenors and, having been duly sworn, testified as follows:

I reside in the grape producing section of New York, known as the Chautauqua-Erie grape belt. I am a fruit raiser, grape raiser, and one of the sales managers of the Chautauqua-Erie Grape Growers Co-operative Association. This is a co-operative association; one of the oldest in existence, and handles fifty per cent of the entire production of the State of New York. In New York State we have about 1,200 grape growers. It is a marketing association for its members. It markets grapes for actual cost. We make a charge of approximately $3.00 a ton for our service. There is a profit-sharing arrangement in the association, and if there are any profits it is repaid to the members.

As a grape grower, and in my capacity as sales manager of the Chautauqua-Erie Grape Growers Co-operative Association, I know the economic conditions of the industry.

The economic condition of the grape growing industry in the western end of New York, and also of Pennsylvania and the central part of New York State, is in a very precarious

condition. Since 1924, we have received only enough to cover the actual operating expenses of our vineyards, excluding interest on our investment. In 1926 we suffered a severe loss. The total acreage planted to grapes in the Chautauqua-Erie belt is 40,000 acres. There has been no increase in this acreage in twenty years.

The Concord grape is a native grape originally found in the United States, and developed from a vine found in Concord, Massachusetts. It is known as the Slip-skin grape [fol. 708] and has a certain tastiness not found in any other grape grown in the United States or elsewhere. This grape is put to every use that grapes are used for. It is principally used in this country as a table grape. Since 1908, Concord grapes have been used as grape juice. This was the principal use of the Concord grape until the advent of the Eighteenth Amendment. Since that time the market for table grapes was practically destroyed because of the high prices paid for grapes for juice purposes. At the present time it is a table grape, a jelly or jam grape, and a juice grape.

About 65 to 70 per cent of our output competes with California grapes.

Approximately 15 per cent of the grapes grown in the Chautauqua-Erie belt are used by grape juice manufacturers. This is true of 8 or 9 per cent of the total grapes grown in New York State.

Up to the years 1918 and 1920 the producers of Concord grapes had been selling their products at a reasonable profit. From time to time the prices had taken sudden spurts and production increased; upon finding an overproduction it was cut down.

Prior to 1917 our Concord grapes sold for between $30 and $35 per ton, and California juice grapes $10 to $12 per ton f. o. b. California. The average production in tons per acre in our territory is 750 or 800 pounds more than a ton. The average expense of production per acre is $100.

California grapes arrive on the eastern markets in July and continue until practically the latter part of January. The peak of the grape movement to the east is in September [fol. 709] and October. In the Chautauqua-Erie District we come into the market during the latter part of September, or if the season is unfavorable, in the middle of October.

Since 1922 we have felt the serious effects of embargoes on shipments of grapes and this continued through 1923 and 1924, and particularly 1925. Practically all the markets for grapes at some time or other during our entire shipping season were embargoed on eastern grapes. We lost customers by reason of these embargoes. Many of our customers have been in the habit of receiving grapes from us and dealing with us directly for years. It is difficult to make any arrangements for shipment to them because of the embargoes. If an order does not arrive when it should, they become disgruntled.

We use refrigerator cars in the transportation of our grapes. In 1922 we had a serious car shortage and a slight car shortage in 1924, when it was difficult to obtain cars. The average loading has increased materially during the last five years. Last year our loading was 11½ or 12 tons average. We pay transportation charges on actual scale weight. There are very few damage claims on our grapes.

All fruits compete with each other. Every fruit competes with every other type of fruit in the sense that a person has the choice of purchasing different fruits on the market at the same time. All such fruits are in competition with one another.

During the year 1925 we received a better price for our Concord grapes because of the small crop, good quality and early arrival of the crop. It happened that during the [fol. 710] marketing season there was a tremendous demand for grapes. During that year our crop moved at an opportune time. When the market broke in that year practically all of our grapes had been sold. We were also favored by absence of competition from Michigan, less competition from Concord producers and a shortage in the California black juice grape crop.

We are in a very precarious economic condition and we feel that it is questionable whether the grape business can continue to be profitable either to California or to us; we do not wish to be in a less advantageous position than the California people. If we cannot grow grapes and compete with California with correspondingly relative freight rates we must get out of the business.

I do not think that the point of saturation will ever be reached in the table grape business, but it is probable that

during the next few years there will be no increase in the making of juice, or a very slight increase, and the conclusion will therefore remain stationary and the movement will be about the same or less.

Cross-examination:

In 1925 we were marketing our grapes during the high water mark of the flow of California grapes into our territory, during the excessive demand for grapes in that season.

[fol. 711] Thereupon M. S. CONNELLY was called as a witness on behalf of the defendants and, having been duly sworn, testified as follows:

I am Assistant Freight Traffic Manager of the Pennsylvania Railroad. I have been in the traffic freight department all of my life.

The Pennsylvania Railroad publishes a tariff numbered ICC F-1592 and supplement number 5, which became effective February 1, 1926, stating its rules governing the reconsignment of citrus and deciduous fruits at stations on the Pennsylvania Railroad covering traffic from the Pacific Coast. This tariff provides that shipments of deciduous fruits from the Pacific Coast may be reconsigned from any point on the Pennsylvania Railroad to any other point thereon at the through rate from point of origin to destination, when the station at which the reconsignment is made is directly enroute with the final destination station, and it further provides that shipments may be reconsigned at stations which are not strictly intermediate with final destination on the Pennsylvania Railroad, provided the reconsignment point is on a direct route via any other railroad between the point of shipment and final destination as well.

The rules for reconsignment of deciduous fruits are very liberal, for example, a shipment consigned to Cincinnati, Ohio, may be hauled from Chicago and at Cincinnati reconsigned to Columbus, Ohio, 120 miles distant, again to Cleveland, 169 miles distant from the last mentioned point, and again to Pittsburgh, an additional 138 miles. Assuming that it is finally disposed of at Pittsburgh, the car has been

hauled 723 miles enroute from Chicago to Pittsburgh, [fol. 712] whereas the direct haul from Chicago to Pittsburgh would have been 468 miles. Under the tariff mentioned, we would, nevertheless, collect the same rate of freight at Pittsburgh as if the shipment had moved direct.

At our Pittsburgh Produce Yards deciduous fruits are offered for sale and are purchased by buyers located at Pittsburgh and elsewhere within a radius of 75 to 150 miles. If a car of deciduous fruit is shipped from Pittsburgh through a buyer at a point west of Pittsburgh, we do not charge a further local rate for that haul, but by our tariff governing this service we charge special rates under which our earnings are reduced approximately 87 per cent below our local rate. In connection with general traffic, if a second movement is desired, it must be made on the basis of the tariff rate from the point of reforwarding.

Each carrier in the Central Freight Association territory files individual tariffs governing reconsignments and conversion of freight, but the general rules of all are the same, with the exception of the necessary provisions covering local conditions.

During the year 1925, we handled 43,161 cars of fruits and vegetables in our Pittsburgh Produce Yards, and in 1926, 45,296 cars.

We have avoided and corrected the confusion which existed in the Produce Yards by reason of reconsignments and the large volume of traffic by the adoption of a form provided by the Pennsylvania Railroad Company, which gives to all the interested parties complete information in connection with every shipment that is reconsigned in the yards. Some of the shippers furnish their own forms, but [fol. 713] in general, the form used is always identical with the form provided by the company.

I have examined the rates from various points in the Southern part of the United States to representative points in the Central Freight Association. The shortest haul covered by this examination was from Atlanta, Georgia, to Indianapolis, Indiana, a distance of 561 miles, and the longest a haul of 1,039 miles from Valdosta, Georgia, to Grand Rapids, Michigan. Taking all of the hauls between these two territories which were examined in excess of 900

miles, it is found that the average haul is 958 miles, and the average rate on peaches, $1.035 per hundred pounds, and on grapes, $1.12 per hundred pounds.

Cross-examination:

I do not know whether there is a large or small volume of grapes from Georgia points to representative destinations referred to by me in the Central Freight Association. It is true that the rate from Atlanta to Indianapolis is 82¢ and the distance 560 miles, and the rate from Valdosta, Georgia, to Grand Rapids, Michigan, is $1.10, and the distance 1,039 miles. To this extent the comparison of these two rates indicates that as the distance increases the unit earnings under the rate decline.

[fol. 714] L. H. KENTFIELD was thereupon called as a witness on behalf of the defendant and, having been duly sworn, testified as follows:

I am a member of the auxiliary committee of the Trunk Line Association. The Trunk Line Association is a voluntary association of railroads, comprising all of the lines operating east of the western terminal of the eastern Trunk Lines and includes the Norfolk & Western Railway, the Virginia Railway and the Chesapeake & Ohio Railway. Its territory extends to the international boundary line on the north. The function of the auxiliary committee is to investigate and analyze all proposed changes in rates and to recommend action thereon to other committees. I deal particularly with transcontinental rates. I am chairman of the Defense Traffic Committee of the Trunk Lines, defendants in this case, and represent the eastern Trunk Lines of the National Diversion and Reconsignment Committee. I have been in the railroad business since 1886 in various positions.

I have prepared a statement showing the rates on peaches in carloads from West Virginia and Maryland points from which there was an actual movement to destinations in the Central Freight Association territory, with the revenue per ton mile and per car mile, using actual shortline mileage

Statement Showing Rates on Peaches, Carloads, from West Virginia and Mrayland Points from Which There Was an Actual Movement to Some Principal Markets in Central Freight Association Territory with Revenue per Ton per Mile and per Car-mile, Using Actual Short-line Mileage and Average Mileage to Destination

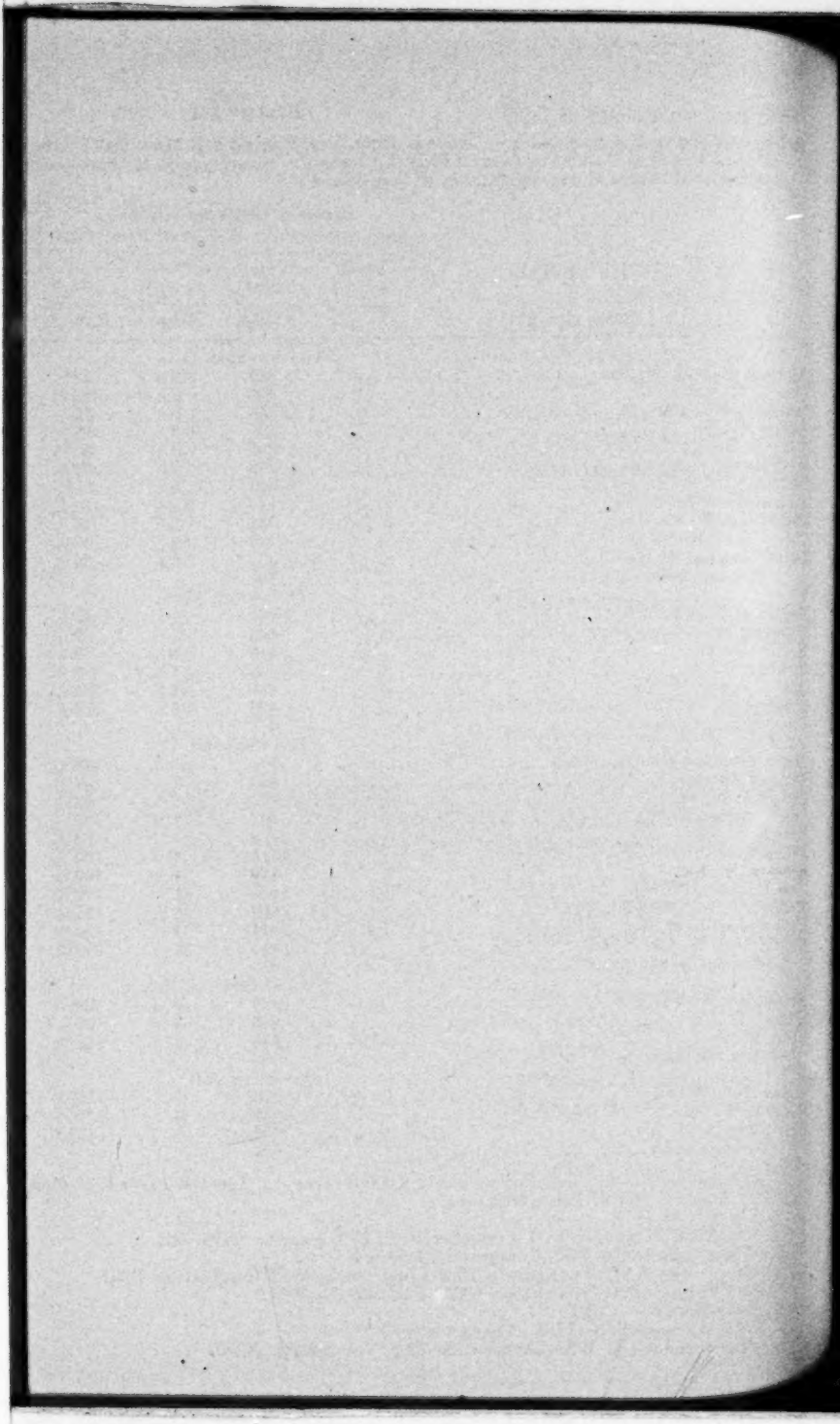
(Rates in Cents per 100 lbs.)

Points of origin	Miles	Route	Rate	Revenue per Ton-mile: Based on actual mileage (cents)	Revenue per Ton-mile: Based on average mileage (cents)	Revenue per Car-mile: Based on actual mileage (cents)	Revenue per Car-mile: Based on average mileage (cents)
To Cleveland, O.							
North Mountain, W. Va.	345	2	80½	4.66	5.19	46.6	51.9
French, W. Va.	306	2	80½	5.26	5.19	52.6	51.9
Potomac, Md.	274	2	68	4.96	4.39	49.6	43.9
Keyser, W. Va.	285	2	68	4.77	4.39	47.7	43.9
Romney, W. Va.	296	2	80½	5.44	5.19	54.4	51.9
West Romney, W. Va.	298	2	80½	5.40	5.19	54.0	51.9
McNeil, W. Va.	314	2	92½	5.89	5.97	58.9	59.7
Cunningham, W. Va.	317	2	92½	5.83	5.97	58.3	59.7
Petersburg, W. Va.	332	2	96½	5.81	6.23	58.1	62.3
Cherry Run, W. Va.	339	3	80½	4.75	5.19	47.5	51.9
Little Cacapon, W. Va.	301	2	80½	5.35	5.19	53.5	51.9
Average miles	310						
To Detroit, Mich.							
Paw Paw, W. Va.	451	4	89	3.95	3.89	39.5	38.9
Potomac, Md.	436	4	79	3.62	3.46	36.2	34.6
Keyser, W. Va.	447	4	79	3.53	3.46	35.3	34.6
Romney, W. Va.	456	4	89	3.90	3.89	39.0	38.9
West Romney, W. Va.	458	4	89	3.88	3.89	38.8	38.9
Cherry Run, W. Va.	490	5	89	3.63	3.89	36.3	38.9
Average miles	457						
To Cincinnati, O.							
North Mountain, W. Va.	471	1	100½	4.26	4.73	42.6	47.3
Berkeley Springs, W. Va.	450	1	104½	4.64	4.92	46.4	49.2
Paw Paw, W. Va.	413	1	100½	4.86	4.73	48.6	47.3
Green Springs, W. Va.	403	1	100½	4.99	4.73	49.9	47.3
Keyser, W. Va.	378	1	83½	4.42	3.93	44.2	39.3
Milleson, W. Va.	411	1	100½	4.89	4.73	48.9	47.3
Romney, W. Va.	419	1	100½	4.77	4.73	47.7	47.3
West Romney, W. Va.	421	1	100½	4.77	4.73	47.7	47.3
McNeil, W. Va.	437	1	112½	5.15	5.29	51.5	52.9
Little Cacapon, W. Va.	411	1	100½	4.89	4.73	48.9	47.3
Cherry Run, W. Va.	464	1	100½	4.33	4.73	43.3	47.3
Average miles	425						
To Indianapolis, Ind.							
Wapacomo, W. Va.	528	6	108	4.09	4.00	40.9	40.0
McNeil, W. Va.	546	6	120	4.40	4.46	44.0	44.6
Glebe, W. Va.	539	6	116	4.30	4.31	43.0	43.1
Average miles	538						
To Chicago, Ill.							
Cherry Run, W. Va.	776	7	116½	3.00	3.41	30.0	34.1
Romney, W. Va.	637	8	116½	3.66	3.41	36.6	34.1
West Romney, W. Va.	639	8	116½	3.65	3.41	36.5	34.1
Average miles	634						

Revenue per car-mile based on weight of 2,000 lbs. per car, Agent Wilson's I. C. C. A-149.

Explanations of Route Numbers:

1. Via B. & O. R. R.
2. B&ORR Cumberland-WM. Connellsville-PLE-Youngstown-Erie RR.
3. WM. Connellsville-PLE-Youngstown-Erie RR.
4. MC-Toledo-NYC-Youngstown-PLE-Connellsville-WM-Cumberland-B&O.
5. MC-Toledo-NYC-Youngstown-PLE-Connellsville-WM.
6. B&O-Hamilton-CI&T.
7. WM—Connellsville—PLE—Youngstown—NYC.
8. B&O-Cumberland-WM-Connellsville-PLE-Youngstown-NYC.



and average mileage to destinations. That is the document now shown to me.

Said document was thereupon offered and admitted in evidence marked as Defendants' Exhibit No. 201, which said exhibit No. 201 is in the following form:

(Here follow Defendants' Exhibit No. 201, marked side folio 715)

[fol. 716] I have prepared an analysis of loss and damage paid by the Baltimore & Ohio Railroad on fruits and vegetables during the year 1925 and the year 1926. This statement prepared by me includes the losses on all fruits and vegetables in those years. That is the statement now shown to me.

Said statement was thereupon offered and admitted in evidence and marked as Defendants' Exhibit No. 203, which said exhibit is in the following form:

[fol. 717]

EXHIBIT No. 203

Analysis of Loss and Damage Payments of Baltimore and Ohio Railroad

	Total claim payment, all commodities	Percentage of freight revenue
Payments during year 1925	$1.682698	.869
Payments during year 1926	1.694038	.814

Heaviest Contributors to Loss and Damage Freight-claim Payments

Commodities	Year 1926	% to total	Year 1925	% to total
Fresh fruits & vegetables	$302,685	17.9	$291,751	17.3
Cement, lime, plaster, clay & products	150,466	8.9	130,987	7.8
Glass, glassware & crockery	106,861	6.3	93,927	5.6
Coal & coke	98,870	5.8	89,051	5.3
Live stock	93,528	5.5	98,086	5.8
Furniture (New)	88,153	5.2	89,404	5.3
All other iron and steel articles	68,339	4.0	65,484	3.9
Clothing, dry goods & notions	66,978	3.9	79,513	4.7
Machinery & hardware	51,422	3.0	52,485	3.1
Stoves, furnaces, radiators & parts	45,036	2.7	42,251	2.5

[fol. 718] During the year 1925 the Erie Railroad paid claims for damage in certain cases, bearing the total loss itself. During that year it paid losses on citrus fruit totaling $19,737.70; for similar claims on deciduous fruit, $100,537.00 during that year, and on vegetables amounted to $45,002.67. During the year 1926, on citrus fruit this amounted to $11,031.36; on deciduous fruit, $137,305.30; on vegetables, $6,930.15.

During 1926 the loss and damage claims paid in toto by the Erie Railroad amounted to $2.85 average per car on deciduous fruits and vegetables.

ROBERT ADAMS was thereupon called as a witness on behalf of the defendants and, having been duly sworn, testified as follows:

I am Assistant General Auditor of the Southern Pacific Company. I have been in their accounting department for twenty-five years. The document now shown to me consisting of 13 pages and marked for identification as Defendants' Exhibit No. 204, was prepared under my direction and is true to the best of my knowledge and belief. Pages one to 5 of this exhibit state the net railway operating income, the property investment and rate of return for the years 1922 to 1926, inclusive, for the 23 principal carriers concerned in the transportation of the traffic covered by the order shown. This exhibit shows that the carriers for none of these years have earned the 5.75 per cent on property investment.

Page 6 of this exhibit shows the operating ratio for these [fol. 719] roads for the same years, divided between the Western District roads and Eastern District roads. Page 7 shows the same information, including taxes on railroad operating expense.

The remainder of the pages of this exhibit are self-explanatory and show the increased cost between 1915 and 1926 of various items and materials, labor and increase in tax accruals.

Thereupon there was offered and admitted in evidence Defendants' Exhibit No. 204, which is in the following form:

(Here follows Defendants' Exhibit No. 204, marked side folio pages 720-733, inc.)

[fol. 734] The document now shown to me, marked as Defendant's Exhibit No. 205, shows a statement of the net income of the shortline railroads, whose names are specified thereon, for the year 1926, and the loss in freight reve-

Exhibit No. 204

13 Pages

Witness: R Adams

87 7/30/27

BEFORE THE

Interstate Commerce Commission

California Growers' and Shippers' Protective League

vs.

The Atchison, Topeka and Santa Fe Railway Company, Et Al.

I. C. C. Docket No. 19130

Presented in
Behalf of Railroads by
Southern Pacific Company

OPERATING RATIOS, RAILWAY OPERATING EXPENSES TO RAILWAY OPERATING REVENUES

	FISCAL YEARS ENDING JUNE 30th							CALENDAR YEARS ENDING DECEMBER 31st										
	1910 %	1911 %	1912 %	1913 %	1914 %	1915 %	1916 %	1916 %	1917 %	1918 %	1919 %	1920 %	1921 %	1922 %	1923 %	1924 %	1925 %	1926 %
WESTERN DISTRICT																		
Atchison, Topeka & Santa Fe Ry. System	66.44	65.79	66.15	66.48	66.12	64.67	62.69	61.27	63.57	72.52	74.77	80.51	75.67	74.14	72.51	72.35	69.02	65.35
Chicago & Alton R.R.	64.68	71.59	74.89	84.21	85.77	77.73	71.07	70.29	73.73	84.09	93.20	97.44	84.12	85.70	75.57	77.44	75.38	76.92
Chicago & Northwestern Ry.	70.66	71.10	71.87	70.45	72.31	69.88	67.96	66.46	72.75	84.14	85.94	94.82	89.17	81.58	82.69	80.65	77.84	78.23
Chicago, Burlington & Quincy R.R.	72.14	67.84	70.38	67.04	67.49	66.33	69.29	59.74	64.27	77.61	78.42	86.32	76.00	76.87	78.41	73.74	73.31	72.19
Chicago, Milwaukee & St.Paul Ry.	66.21	69.62	72.24	68.90	66.82	67.78	65.43	66.69	74.90	91.75	98.15	97.94	87.13	82.57	79.59	77.28	80.52	79.96
Chicago, St.Paul, Minneapolis & Omaha Ry.	65.55	66.85	69.54	70.32	70.48	67.86	64.38	65.25	73.76	84.11	84.08	88.98	86.69	86.29	82.91	79.49	80.00	80.48
Colorado & Southern Lines	64.71	65.63	68.98	70.46	73.07	72.09	63.32	61.04	61.71	74.75	76.44	82.33	72.80	76.28	88.00	78.80	78.57	78.03
Denver, Rio Grande Western R.R. System	67.06	68.22	73.96	69.73	69.77	65.48	59.22	58.42	69.41	80.68	78.00	80.20	85.05	78.87	84.82	86.61	73.73	78.33
Great Northern Ry.	69.94	61.76	57.41	58.78	66.14	54.81	54.00	58.35	66.92	83.96	81.75	91.23	79.45	76.98	72.25	68.20	65.98	64.14
Illinois Central System	74.57	71.60	80.19	77.62	75.93	73.64	72.10	69.42	70.64	81.98	90.46	94.84	84.32	77.86	80.48	77.45	76.13	77.39
Missouri Pacific R.R.	70.82	82.10	75.74	72.91	73.12	73.11	75.01	73.31	69.99	81.73	89.08	95.45	83.87	84.83	85.46	79.63	78.27	76.16
Northern Pacific Ry.	68.09	61.70	60.90	62.05	61.16	58.74	53.16	53.85	60.41	72.76	79.30	89.30	88.12	75.98	78.77	74.02	71.90	70.12
Northwestern Pacific R.R.	69.13	74.13	73.26	69.93	70.84	72.83	63.73	63.31	63.92	69.69	78.75	81.96	73.73	71.25	73.91	72.66	73.85	73.27
St.Louis-San Francisco Ry. System	69.66	67.94	68.19	66.69	74.06	69.45	67.72	67.11	66.38	79.76	77.94	91.05	74.43	75.53	73.67	70.96	69.61	69.83
Southern Pacific Lines	60.10	62.38	63.51	63.77	64.04	64.65	62.57	61.89	61.38	72.54	76.72	83.65	78.09	73.13	73.48	72.46	72.73	71.58
Texas & Pacific Ry.	72.40	78.27	78.41	81.71	76.33	77.22	72.12	68.91	67.75	80.84	83.23	89.52	79.65	81.24	76.65	74.72	75.00	74.72
Union Pacific System	55.03	58.53	61.21	59.15	61.49	60.73	56.56	56.11	60.17	65.41	69.98	76.95	73.87	74.81	72.26	71.32	70.17	68.66
Western Pacific R.R.	Not Operating		81.72	73.46	82.78	77.43	64.13	59.86	68.54	71.25	69.89	78.48	85.85	78.66	75.42	79.87	72.75	70.22
TOTAL WESTERN DISTRICT	65.70	66.87	68.28	67.15	68.01	66.67	63.24	62.78	66.06	77.86	80.66	87.82	80.12	77.35	76.77	74.93	73.45	72.39
EASTERN DISTRICT																		
Baltimore & Ohio R.R.	70.04	71.91	71.81	73.92	75.24	69.48	71.83	72.21	77.11	98.19	93.02	97.56	83.81	82.16	77.98	77.81	75.40	73.83
Erie R.R. (Including Chicago & Erie)	68.76	68.37	72.03	70.57	74.02	73.49	65.48	72.73	84.58	98.68	94.13	108.88	93.55	93.66	81.27	80.43	78.65	79.84
New York Central R.R. (Includes B & A and Ohio Central Lines)	69.51	73.60	70.68	71.08	76.59	70.14	63.52	64.21	72.41	78.83	80.04	95.98	76.72	73.88	77.41	75.73	75.24	74.82
Pennsylvania R.R. System	70.25	73.41	73.85	75.86	77.28	75.70	69.61	70.85	77.39	89.91	93.46	103.58	87.56	82.35	81.77	80.16	78.32	77.52
Wabash Ry.	71.09	74.84	81.65	77.73	81.29	79.85	68.53	66.03	70.48	83.37	91.28	100.21	85.29	83.31	78.11	76.46	73.07	73.18
TOTAL EASTERN DISTRICT	69.97	72.90	72.88	74.11	76.90	73.81	67.91	69.25	76.89	88.82	90.18	101.11	84.81	82.58	79.89	78.43	76.89	76.28
GRAND TOTAL WESTERN AND EASTERN DISTRICTS	67.42	69.31	70.18	70.83	71.64	69.96	65.19	65.48	70.85	82.80	84.64	93.37	82.10	79.80	78.28	76.42	74.95	74.06

Prepared by Accounting Department, Southern Pacific Co.,
San Francisco, Calif., March 18, 1927.

OPERATING RATIOS, RAILWAY OPERATING EXPENSES AND TAXES, TO RAILWAY OPERATING REVENUES

	Fiscal Years Ending June 30th							Calendar Years Ending December 31st										
	1930 %	1931 %	1932 %	1933 %	1934 %	1935 %	1936 %	1916 %	1917 %	1918 %	1919 %	1920 %	1921 %	1922 %	1923 %	1924 %	1925 %	1926 %
WESTERN DISTRICT																		
Atchison, Topeka & Santa Fe Ry. System	70.26	69.02	70.05	70.41	71.10	69.34	67.24	65.97	70.78	78.31	80.74	85.23	82.15	82.31	81.02	77.88	76.43	73.87
Chicago & Alton R.R.	68.03	74.49	78.06	81.26	89.79	81.30	74.54	73.64	77.11	87.81	96.12	100.11	87.44	89.39	79.39	81.47	79.51	80.85
Chicago & Northwestern Ry.	74.64	75.13	76.46	74.74	76.34	75.48	73.16	72.58	77.99	91.18	90.75	100.08	95.01	87.74	88.38	86.91	84.58	84.15
Chicago, Burlington & Quincy R.R.	75.30	71.26	74.15	70.78	72.79	70.81	64.64	64.16	72.14	83.35	83.69	91.02	81.75	83.48	83.82	80.28	80.20	79.31
Chicago, Milwaukee & St. Paul Ry.	70.04	73.83	77.19	72.98	71.30	72.97	70.41	72.66	80.63	96.89	96.66	105.00	93.15	88.72	84.66	84.97	84.03	85.53
Chicago, St.Paul, Minneapolis & Omaha Ry.	70.03	71.35	74.65	75.17	75.82	73.52	71.63	70.30	79.94	90.07	89.49	94.52	91.19	85.16	88.55	85.28	85.79	85.30
Colorado & Southern Lines	67.52	68.59	72.62	74.09	78.68	75.42	67.58	65.62	67.65	79.28	79.94	86.57	77.42	81.77	94.14	84.75	84.97	83.78
Denver & Rio Grande Western R.R. System	70.56	71.89	76.72	73.59	74.04	70.16	63.60	62.84	73.94	84.49	82.38	84.26	90.71	84.36	92.28	92.63	80.61	79.47
Great Northern Ry.	66.36	67.04	68.59	64.13	68.38	61.71	60.31	64.92	74.03	91.05	89.84	99.28	87.63	84.81	79.83	77.33	74.51	72.40
Illinois Central System	78.90	75.88	84.67	82.61	80.77	80.69	77.86	74.72	77.59	87.10	95.52	100.06	90.12	84.74	86.19	84.38	82.85	84.03
Missouri Pacific R.R.	74.41	85.86	79.86	75.64	76.32	77.50	79.53	77.16	73.38	85.23	93.88	100.55	87.77	88.85	89.32	83.43	82.20	80.95
Northern Pacific Ry.	66.80	66.63	66.53	67.39	68.29	65.82	59.84	60.71	68.24	79.69	87.83	98.24	91.65	84.35	87.68	82.79	81.05	79.52
Northwestern Pacific R.R.	73.29	78.22	77.36	74.06	75.72	78.17	68.47	67.98	68.97	74.31	83.63	85.85	79.54	78.42	80.92	80.36	81.28	80.27
St.Louis-San Francisco Ry.System	73.20	72.13	72.84	71.16	76.84	74.09	72.19	71.19	71.00	83.62	81.31	94.61	78.89	80.02	78.45	76.07	74.98	74.96
Southern Pacific Lines	63.58	66.24	68.46	68.19	71.46	71.82	67.45	66.78	67.77	78.02	82.13	89.18	84.04	80.60	78.80	79.91	80.25	78.96
Texas & Pacific Ry.	75.93	81.98	82.70	85.53	80.39	81.99	76.93	73.43	73.21	84.63	87.09	92.69	83.88	85.16	81.04	80.16	80.43	79.94
Union Pacific System	58.72	62.38	66.11	64.05	66.94	66.09	61.64	61.05	64.61	72.32	75.00	83.07	80.26	81.66	78.66	78.57	76.94	76.27
Western Pacific R.R.	Not Operating		85.13	77.85	86.85	83.45	68.81	64.41	67.52	77.61	75.34	82.57	96.47	86.36	88.15	85.97	79.09	78.35
TOTAL-WESTERN DISTRICT	69.60	70.86	72.80	71.49	73.12	71.89	68.87	67.80	72.41	83.33	85.97	93.39	86.13	84.06	83.09	81.67	80.22	79.23
EASTERN DISTRICT																		
Baltimore & Ohio R.R.	72.78	74.79	74.18	74.79	78.30	73.21	74.32	75.63	80.44	95.08	95.97	100.52	87.45	85.53	81.83	81.87	79.63	78.52
Erie R.R. (Including Chicago & Erie)	73.26	72.04	75.25	73.66	79.08	78.77	69.12	74.92	87.95	102.37	98.48	112.00	96.85	97.28	84.47	84.22	82.66	82.92
New York Central R.R. (Includes B & A and Ohio Central Lines)	73.66	77.94	75.51	75.73	81.72	76.68	67.13	68.36	76.48	83.63	84.36	100.82	82.94	85.36	82.79	82.05	81.81	81.55
Pennsylvania R.R. System	73.59	77.82	77.91	79.85	81.61	80.34	73.63	75.27	82.07	94.03	97.46	107.22	92.03	86.98	86.40	84.95	83.27	82.80
Wabash Ry.	74.04	77.92	84.65	80.58	84.76	83.21	71.51	69.15	74.03	86.14	94.84	103.00	88.43	87.84	81.82	81.86	77.77	77.96
TOTAL-EASTERN DISTRICT	73.32	76.56	76.89	77.98	81.14	78.32	71.81	73.25	80.64	91.96	94.05	104.86	89.44	87.15	84.43	83.44	82.00	81.62
GRAND TOTAL-WESTERN AND EASTERN DISTRICTS	71.10	73.16	74.49	74.18	76.39	74.58	69.76	70.68	75.80	87.81	89.35	98.17	87.51	85.38	83.69	82.43	80.99	80.28

Prepared by Accounting Department, Southern Pacific Co.,
San Francisco, Calif., March 11, 1927.

COMPARATIVE STATEMENT SHOWING TOTAL NUMBER OF EMPLOYES, HOURS WORKED AND COMPENSATION

FISCAL YEAR ENDING JUNE 30, 1915 AND CALENDAR YEAR ENDING DECEMBER 31, 1926

	NUMBER OF EMPLOYES		HOURS WORKED		COMPENSATION		AVGE. COMP. PER HOUR		% OF INCREASE AVERAGE COMP. PER HOUR 1926 OVER 1915
	1915	1926	1915	1926	1915	1926	1915	1926	
WESTERN DISTRICT									
Atchison, Topeka & Santa Fe Ry. System	52,682	65,052	165,496,840	172,254,290	$ 45,044,270	$ 106,035,026	$.272	$.615	126.1
*Chicago & Alton R. R.	1,732	2,658	24,388,301	22,592,745	6,724,389	14,124,316	.276	.625	126.4
*Chicago & Northwestern Ry.	43,940	48,075	139,635,144	128,879,707	38,482,252	79,653,532	.277	.618	123.1
*Chicago, Burlington & Quincy R. R.	43,048	45,068	132,284,448	115,053,696	38,054,518	72,724,082	.288	.627	117.7
Chicago, Milwaukee & St. Paul Ry.	49,306	50,604	168,265,140	130,685,113	43,278,596	82,480,520	.257	.631	147.9
*Chicago, St. Paul, Minneapolis & Omaha Ry.	8,136	8,162	24,731,524	20,511,212	7,538,804	13,372,733	.281	.652	132.0
Colorado & Southern Ry.	3,349	3,324	9,792,881	8,752,651	2,782,544	5,548,410	.284	.634	123.2
Denver & Rio Grande Western System	9,048	10,933	27,881,496	27,576,300	8,960,731	18,197,804	.300	.615	105.0
Great Northern Ry.	26,399	28,135	82,388,366	74,056,079	22,020,122	41,539,542	.267	.642	140.4
Illinois Central System	58,402	79,621	172,351,646	201,592,441	43,373,356	118,283,281	.252	.587	132.9
Missouri Pacific R. R.	32,581	39,153	95,308,743	103,391,440	25,440,955	63,190,820	.267	.610	128.5
Northern Pacific Ry.	26,386	26,111	87,597,205	68,604,436	24,486,852	44,938,044	.280	.655	133.9
Northwestern Pacific R. R.	2,764	2,079	9,127,180	5,538,454	2,568,877	3,518,133	.281	.635	126.0
St.Louis-San Francisco Ry.	22,530	24,516	68,648,933	63,091,097	18,511,991	38,573,814	.270	.611	126.3
Southern Pacific Lines	55,581	87,057	171,380,848	223,843,300	49,670,726	137,010,815	.290	.612	111.0
Texas & Pacific Ry.	10,261	10,937	30,433,435	27,404,838	8,297,950	15,430,968	.272	.563	107.7
Union Pacific System	38,933	51,018	117,527,354	130,151,104	34,475,677	81,242,775	.293	.670	128.7
Western Pacific R. R.	2,873	4,054	8,353,949	10,099,769	2,601,119	6,672,844	.311	.661	112.5
TOTAL-WESTERN DISTRICT	495,882	592,557	1,539,593,573	1,536,243,732	422,246,650	954,318,661	.274	.621	126.6
EASTERN DISTRICT									
Baltimore & Ohio R. R.	46,176	69,488	143,878,309	181,579,868	40,054,998	118,211,688	.278	.651	134.2
Erie Railroad (Including Chicago & Erie)	35,281	28,046	107,823,604	78,526,702	26,319,926	52,169,119	.244	.664	172.1
*New York Central R. R. (Including B. & A. and Ohio Central Lines)	90,201	111,562	290,440,354	290,885,941	82,562,929	193,612,841	.284	.666	134.5
Pennsylvania R. R. System	197,397	217,641	579,312,756	573,992,776	168,964,245	390,458,738	.292	.680	132.9
Wabash Railway	15,425	18,213	46,359,277	47,126,334	12,645,127	30,427,602	.273	.646	136.6
TOTAL-EASTERN DISTRICT	384,440	444,950	1,167,814,300	1,172,131,621	330,547,225	784,879,988	.283	.670	136.7
GRAND TOTAL-WESTERN AND EASTERN DISTS.	880,322	1,037,507	2,707,407,873	2,708,375,353	752,793,875	1,739,258,649	.278	.642	130.9

*Figures for fiscal year ending June 30th, 1916, used as 1915 figures were not available.

Prepared by Accounting Department Southern Pacific Co.,

San Francisco, Calif., March 12, 1926.

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SOUTHERN PACIFIC COMPANY - PACIFIC LINES

Percentages of Increase of Cost of Material Year 1926 Over Year 1915

	Unit	1926	1915	Increase %
Air Brake Material	Disc.	Plus 39%	Less 25%	85
Asbestos Fibre	Lb.	$ .05	$ .035	43
Axes, 3½ to 4½ Lb.	Doz.	10.75	8.25	36
Axles, Car Reg. & Tender	Cwt.	2.40	1.30	85
Driving & Trailing	Cwt.	3.15	1.90	66
Babbitt, Special Hardened	Cwt.	28.82	20.90	38
Anti Friction	Cwt.	18.22	14.10	29
Batteries, Dry #6	Ea.	.2815	.16	76
Bearings, Journal	Cwt.	14.75	12.55	18
Belting, Leather 4" Std.	Ft.	.384	.421	Dec. 9
Blades, Hack Saw 5/8 x 12"	Gross	4.43	5.844	23
Bolts, Machine, Large	Disc.	60-10-5%	85-15%	168
Bolts, Carriage	Disc.	60-10%	80-2½ %	85
Boxes, Journal, 4½ x 8	Ea.	$ 5.20	$ 1.75	197
Boxes, Journal, 5 x 9	Ea.	6.35	2.22	186
Brass, Sheet #20 (Half Hard)	Lb.	.1875	.215	Dec.13
Brass, #1 Ex. Mill	Doz.	5.40	3.00	80
Brushes, Stence #25 #360	Doz.	21.00	15.04	40
Bunting, Anchor 18"	Roll	11.25	5.25	114
Cars, Motor #36 F.M. Co.	Ea.	225.00	135.00	67
Castings, Steel C.S. 14				
10 to 20 Lbs.	Lb.	.11½	.04	188
21 to 100 Lbs.	Lb.	.07	.04	75
101 to 250 Lbs.	Lb.	.06	.04	50
251 to 1000 Lbs.	Lb.	.05½	.04	44
Over 1000 Lbs.	Lb.	.05½	.04	38
Cement, Portland	Bbl.	1.85	1.40	32
Coal, Lump Stove	NT	2.15	1.70	27
Coal, Blacksmith	Ton	2.70	1.50	80
Coal, Locomotive	NT	2.91	2.51	16
Coke, 72 Hr. Foundry	Ton	5.00	2.75	82
Cord, Sash #8	Lb.	.34	.20	70
Covering, Train Pipe 85% Magnesia	Disc.	65%	69-5%	5
Distillate (Tank Cars)	Gal.	$ .089	$ .055	62
Duck, White Cotton #6-36"	Yd.	.35	.2475	41
Duck, White Cotton #8-36"	Yd.	.34½	.22	57
Ferrules, Copper Flue	Lb.	.35	.1815	93
Files	Disc.	70-10-2½%	80-5%	38
Fuel Oil (Locomotive)	Bbl.	1.07	.60	78
Gasoline (Drums)	Gal.	.13	.09	44
Gaskets Grade E	Lb.	.85	.60	42
Glass, Polished Plate (Com'l.Thickness)	Disc.	86%	90-30-5%	11
Glass, Window (American)	Disc.	90-40%	90-30-5%	Dec. 1
Hinges, Strap Light	Disc.	70%	70-10%	11
Hinges Strap Ex. Heavy	Disc.	70-10%	75-5%	14
Hose-Air Brake 1-3/8"	Ft.	$ .439	$ .30	46
Iron, Pig #1	GT	18.50	9.50	95
Keystone Iron	Cwt.	$ 5.80	$ 4.25	37
Lead, Pig #1	Cwt.	6.00	3.70	116
Lead, White in Oil	Cwt.	11.40	2.25	407
Leather, Harness #1	Lb.	.38	.42	Dec. 10
Manganese, Ferro 80%	Ton	108.50	68.00	51
Matting, Rubber	Lb.	.20	.162	24
Nails, Wire.	Cwt.	3.10	1.45	114
Oil, Linseed, Raw (Cases)	Gal.	.93	.7275	28
Oil, Linseed, Boiled 5's	Gal.	.98	.66	49
Paint #20a 5's (Brown)	Gal.	1.47	.975	51
Paint #20a Bbls. (Colonial Yellow)	Gal.	1.60	.875	83
Pipe Wrot, 3" - #1	C Ft.	54.83	34.09	61
Pipe Lead	Lb.	.1338	.076	73
Potash, Caustic	Lb.	.0975	.075	30
Potash, Yellow Prussiate	Lb.	.20	.24	Dec. 17
Powder, 40% Dynamite (Ammonia LF)	Cwt.	12.50	9.75	28
Putty, Bladder	Cwt.	4.50	2.35	92
Remover, Varnish - 5's	Gal.	1.00	1.40	Dec. 29
Rope, Manila #1	Lb.	.165	.0975	69
Screws, Brass Machine, Rd. Hd.	Disc.	75-10-10%	80-10%	13
Screws, Iron Machine	Disc.	80-10-10%	80-10-5-2%	Dec. 4
Seals, Car	M	$ 2.80	$ 1.20	133
Shoes, Brake	MT	43.00	30.00	43
Soap, Laundry	Lb.	.0495	.031	60
Spelter, Coarse	Lb.	.20	.19	5
Spelter, Fine	Lb.	.20	.25	Dec. 20
Spikes, Track	Cwt.	2.42	1.50	61
Steel, Bar	Cwt.	2.30	1.20	92
Steel, Boiler	Cwt.	1.93	1.31	47
Steel, Fire Box	Cwt.	2.28	1.71	33
Steel, Tank	Cwt.	1.78	1.05	70
Steel, Tool, Bars	Cwt.	14.00	10.00	40
Thermit, R.R.	Cwt.	31.00	28.40	9
Tires, Steel CS 15 33" OD & Over	Cwt.	5.60	3.00	87
Torpedoes 1½ x 2½	Gross	3.75	2.15	74
Turpentine (cases)	Gal.	.94	.56	68
Waste, Colored Cotton	Lb.	.09	.485	98
Wheels, Cast Iron	Cwt.	2.10	.651	223
Wrenches, Stillson	Disc.	75-10%	80-5%	18
Track Bolts	Cwt.	$ 3.30	$ 1.675	87
Tie Plates	NT	31.60	24.00	32
Steel Rails, new	GT	43.50	30.00	45
Fir Dimension	MBM	17.00	8.00	113
Redwood Dimension	MBM	31.00	16.00	94
Bridge Stringer, Fir	MBM	21.00	8.50	147
Bridge Tie, Fir	MBM	18.00	8.00	125
Cross Tie, Fir	MBM	17.00	7.50	127

Prepared in office of Purchasing Agent Southern Pacific Co.-Pacific Lines
San Francisco, Calif., March 11, 1927.

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UNION PACIFIC RAILROAD COMPANY

Percentages of Increase in Cost of Material Year 1926 Over 1915

	Unit	1926	1915	Increase %
Air Pumps No. 5 ER	Ea.	$277.88	$150.00	85
Axes 3-1/2 to 4 lb.	Do.	11.50	6.00	192
Axles car, engine & tender	Cwt.	2.85	1.50	90
Axles Driving & Trailing	Cwt.	5.80	3.50	65
Batteries Dry #6	C	25.50	13.50	31
Bearings Journal	Cwt.	15.00	14.5??	3
Belting Rubber 5" 4 ply	Ft.	.35	.43	Dec. 19
Belting Leather 4" Double	Ft.	.80	.67	19
Blades Hacksaw 9/16" x 12"	Gro.	4.10	5.67	Dec. 28
Bolts Machine Large	Misc.	60%	80-7?%	116
Bolts Carriage	Misc.	50-10-2?%	70-10-5%	71
Boxes Journal 4-1/4 x 8	Ea.	$ 5.15	$ 1.76	193
Boxes Journal 5 x 9	Ea.	8.70	2.28	282
Brass Sheet	Lb.	26-3/8	.25	6
Brooms Corn 3??	Do.	5.00	2.75	82
Brushes Marking No. 2	Gro.	6.64	5.57	19
Brushes Paint 3"	Do.	14.68	8.17	80
Cars Section Motor #19 Bodn	Ea.	442.50	289.10	53
Castings Steel				
10 to 20 lbs.	Cwt.	11.00	4.12	167
21 to 100 lbs.	Cwt.	8.25	3.72	122
101 to 250 lbs.	Cwt.	8.00	3.62	121
251 to 1000 lbs.	Cwt.	7.25	3.32	118
Over 1000 lbs.	Cwt.	7.00	3.12	124
Cement Portland	Bbl.	2.15	1.25	72
Coal Smithing	NT	7.09	5.35	32
Coke 72 hour	NT	8.50	3.50	143
Covering Asbestos Pipe	Misc.	35%	65-5%	95
Cord Sash #8	Lb.	$ .35	$ .21	67
Duck White Cotton #8 40"	Yd.	.425	.26	63
Ferrules Copper Flue	Lb.	.33?	.33	Dec. 5
Files	Misc.	60-5%	80-10-10-5%	147
Gasoline (tank car)	Gal.	$ .128	$ .0625	105
Glass Polished Plate	Misc.	85%	90-30-5%	126
Glass Window DSAA	Misc.	88%	90-40-5%	111
Hinges Strap 6"	Ea.	$ 1.32	$ .51	159
Hose Air Brake 1-3/8"	Ft.	.55	.29	90
Iron Angle	Cwt.	2.00	1.57	27
Iron Staybolt	Cwt.	7.25	4.15	75
Kerosene (tank car)	Gal.	.08?	.02?	300
Lead Pig	Cwt.	8.53	4.10	107
Lead White Lead in oil	Cwt.	12.??	6.60	85
Leather Harness	Lb.	.59	.45	31
Matting Rubber	Lb.	.19	.17	12
Nails Wire	Keg	2.65	1.37	93

	Unit	1926	1925	Increase %
Oil Linseed Raw (50 gal drums)	Gal.	$ .81	$ .53	53
Oil Linseed Boiled (50 gal drums)	Gal.	.84	.54	55
Paint OS 9	Gal.	1.85	1.21	
Paint OS 11	Cwt.	6.03	3.60	4
Paint OS 201	Gal.	1.86	.91	104
Picks Clay	Ea.	5.10	4.25	20
Pipe Cast Iron	NT	41.00	17.00	141
Pipe Steel 1-1/4"	Misc.	64.85%	80-5%	85
Pipe Lead 1-1/2"	Cwt.	$ 12.50	$ 6.??	85
Potash Yellow Prussiate	Lb.	.26	.33	Dec. 21
Powder 40% Dynamite	Cwt.	14.50	11.50	43
Putty Bladder	Cwt.	4.40	2.725	61
Rope Manilla 1"	Cwt.	25.00	11.25	122
Screws Brass Wood	Misc.	85.93%	90%	41
Screws Iron Wood	Misc.	88.50%	92.4%	51
Seals Car	M	$ 3.75	$ 2.25	67
Shoes Brake	NT	40.00	33.00	21
Soap Common Soft	Bbl.	6.50	4.00	63
Spelter Fine Brazing	Lb.	.28	.25	12
Spikes Track	Cwt.	2.60	1.50	73
Steel Bar	Cwt.	2.30	1.52	51
Steel Boiler	Cwt.	2.39	1.28	87
Steel Fire Box	Cwt.	2.74	1.79	53
Steel Tank	Cwt.	2.40	1.20	75
Steel Tool	Lb.	.18	.11	64
Tires Locomotive Driving	Cwt.	5.505	3.00	84
Torpedoes	Gro.	4.50	3.00	50
Turpentine (50 gal drums)	Gal.	.77	.45	71
Tubing Copper	Lb.	.24?	.375	Dec. 37
Waste Colored Cotton	Cwt.	11.63	4.25	174
Wheels Cast Iron	Cwt.	2.05	1.03	99
Wicking Candle	Lb.	.20	.07½	167
Wrenches Stillson 14"	Ea.	.94	.81	16
Trackbolts	Cwt.	4.00	1.95	105
Tie Plates	NT	46.00	24.00	92
Rail Joints	Cwt.	3.50	1.75	100
Steel Rail	G.T.	43.00	30.00	43
Fir Dimension	M'BM	17.00	8.00	113
Tie. Fir Bridge	M'BM	19.00	8.50	124
Ties Oak Cross	Ea.	1.54	.79	95
Ties Oak Switch	M'BM	41.00	23.00	78
Ties Fir Cross	M'BM	15.00	8.00	88
Ties Fir Switch	M'BM	16.00	8.50	88
Ties Wye, Pine Cross	Ea.	.95	.66	44

Purchasing Agent's Office
Omaha, Nebraska, March 3, 1927.

Union Pacific System

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ERIE RAILROAD COMPANY

Percentage of Increase of Cost of Material 1926 Over 1915

	Unit	1926	1915	Increase %
Axles - Driving	Cwt.	$ 4.05	$ 2.303	76
Engine Truck	Cwt.	3.15	1.703	85
Freight and Passenger	Cwt.	4.05	1.603	153
Angle Bars - Steel	Cwt.	2.90	1.65	76
Bolts - Machine	Disc.	65.8%	81.5%	85
Carriage		63%	80.5%	90
Track	Cwt.	$ 3.90	$ 1.75	123
Brake Beams - Freight	Ea.	4.00	2.65	51
Castings - Malleable CM Frt.Car	Cwt.	9.90	3.20	209
Castings - Cast Iron				
A - Engine	Cwt.	4.05	2.10	93
B - Pass. Car	Cwt.	4.05	1.75	131
C - Freight	Cwt.	4.05	1.75	131
E - M of Way	Cwt.	4.05	1.75	131
Castings - Steel				
Up to 30# each	Cwt.	$10.27	$ 5.70	80
31# to 50# each	Cwt.	8.70	4.10	112
Over 50# each	Cwt.	7.59	3.90	95
D.W.Centers	Cwt.	5.36	2.75	95
Eng. Frames	Cwt.	5.81	3.25	79
Castings - Brass	Lb.	.13¾	.21¾	Dec. 37
Couplers - Freight car 5 x 7	Pr.	32.30	16.75	93
Cement	Bbl.	2.25	1.10	105
Charcoal	Bu.	.35	.08	338
Duck - White	Disc.	60%	55%	Dec. 11
Gasoline	Gal.	$ .17	$ .12	42
Iron - Bar	Cwt.	2.20	1.20	83
Oil - Fuel	Gal.	.06½	.0289	125
Kerosene	Gal.	.09⅝	.046	107
Linseed	Gal.	.90	.64	41
Nails - Wire	Cwt.	2.65	$ 1.55	71
Nuts - Hot pressed	Disc.	4.25 Off List	6.65 Off List	Dec. 36
Cold Punched	Disc.	4.35 " "	8.00 " "	Dec. 46
Pipe - Wrot - 1" to 3"	Disc.	64.85%	80-5%	85
Rail - Steel	G.T.	$43.50	$30.80	41
Rivets - Steel	Cwt.	2.40	1.40	71
Rope - Manila	Lb.	.21	.11¾	79
Wire	Disc.	35-10-10-5%	60-10-5-2-2½	50
Steel - Bar	Cwt.	$ 2.00	$ 1.20	67
Tank	Cwt.	1.90	1.20	58
Spikes - Track	Cwt.	2.80	1.35	107
Boat	Cwt.	3.50	1.40	150
Springs - Elliptic	Cwt.	6.00	3.70	62
Coil	Cwt.	3.50	1.95	79
Tires - 33" and over	Cwt.	5.60	3.25	72
Tie Plates	Cwt.	2.50	2.70	Dec. 7
Tubes - Boiler 2" - #11 Ga.	Ft.	.16	.07¾	106
Washers		6.80 Off List	7.70 Off List	Dec. 12
Waste-Cotton	Lb.	.09⅜	.05½	77
Wool Long Fibre	Lb.	.15¾	.06¼	152

Prepared by Comptroller's Office

New York, N. Y. March 7, 1927.

THE ATCHISON, TOPEKA AND SANTA FE RAILWAY SYSTEM

Comparison of Prices and Costs of Principal Items of Railroad Material Weighted on Basis of Relative Quantities Purchased in Year 1914

Kind of Material	Quantity		Unit of Measure	1914 Cost	1914 Price	1926 Cost	1926 Price
Air Brake Material			%	$ 150,712	25.	$ 276,300	37.5
Axles	4,900,000	#	Cwt..	116,130	2.37	223,930	4.57
Crank Pins	302,890	#	Cwt.	15,902	5.25	33,868	10.39
Babbitt	472,380	#	Cwt.	89,747	19.00	82,661	17.50
Bearings	3,815,170	#	Cwt.	542,527	14.20	588,254	15.13
Belts, Machine			%	41,529	83.43	76,406	61.53
Belts, Carriage			%	14,756	82.5	40,933	57.25
Belts, Truck	4,424,450		Cwt.	84,068	1.90	170,349	3.85
Beams, Brake, Pass.and Frt.				64,567		109,520	
Brake Shoes	4,390.5	MC	Ton	194,137	44.67	213,175	49.00
Bridge Material	5,143,170	#	Cwt.	115,721	2.25	221,136	4.30
Cement, Portland	67,580	Bbl.	Bbl.	87,828	1.30	155,388	2.30
Channels, Beams, Tees, etc.	954,030	#	Cwt.	14,886	1.75	27,667	2.90
Couplers and Parts				140,900		130,007	
Frogs and Switches				122,200		135,866	
Bar Iron	8,174,700	#	Cwt.	89,922	1.10	220,737	2.70
Grey Iron Castings	10,797,200	#	Cwt.	245,141	2.279	464,928	4.31
Mall. Iron Castings	1,192,900	#	Cwt.	44,734	3.75	127,044	10.65
Steel Castings	4,890,200	#	Cwt.	181,894	3.75	425,389	8.77
Engine Bolt Iron	3,442,125	#	Cwt.	128,494	3.50	211,008	6.13
Staybolt Iron	2,097,250	#	Cwt.	104,860	5.00	142,533	7.75
Wrot and Steel Pipe			%	128,200	67.9	263,796	34.88
Roof, Car	2,117	Sts.	Each	47,623	22.50	108,631	51.83
Rods Ash	8,358,700	#	Cwt.	58,511	.70	115,398	1.38
Steel Plates and Sheets	9,893,400	#	Cwt.	261,262	1.63	234,474	2.37
Tie Plates	15,977	Tons	Ton	373,651	24.75	684,914	45.50
Boiler Tubes				187,190		232,027	
Waste	748,800	#	Cwt.	53,721	7.18	75,948	10.15
Freight Car Wheels	77,393	Whls.	Each	639,031	8.257	977,896	12.89
Oil Boxes	9,370	Box.	Each	28,484	3.225	57,845	6.24
Gasoline	1252,188	Gals.	Gal.	28,232	.023	29,777	.113
Duck Canvas	69,525	Yds.	%	18,300	33.	18,982	33.73
Track Shovels	1,774	Pcs.	Pcs.	10,821	6.875	14,812	18.38
Track Spikes	1,823,440	#	Cwt.	105,332	1.30	200,148	2.63
Billetts	142,310	#	Cwt.	2,364	1.39	3,541	1.95
Bolsters	1,434,270	#	Cwt.	48,295	3.3625	72,239	4.96
Locomotive Tires	8,214,840	#	Cwt.	240,700	2.70	329,539	3.94
Frames	2,782	Grs.	Grs.	33,384	12.00	37,279	13.40
Locomotive Springs	374	Sets	Sets	1,683	4.50	7,574	20.25
Head Light Oil	302,633	Gal.	Gal.	15,533	.0309	35,184	.07
Woven Wire Fencing			%	2,272	75.	8,916	60.20
Ferrules, Copper Pins	60,538	#	Lbs.	10,340	.1708	21,188	.35
Wire Rope			%	4,198	70.	18,442	30.44
Nuts	1,732,000	#	%	50,221	7.30	77,074	4.45
Boiler Lagging			%	27,087	74.25	34,114	70.00
Springs, Engine and Car	1,748,000	#	Cwt.	39,780	2.25	94,834	5.33
Lag Screws			Cwt.	2,262	65.	3,234	89.00
Hose, Air Brake	59,138	Ft.	Ft.	20,721	.35	33,134	.56
Hose, Fire	58,635	Ft.	Ft.	9,258	.33	15,777	.57
Cast Pipe	2,634	Tons	Ton	44,739	22.80	105,734	53.88
Lumber			M Ft.	2,188,813		3,385,258	35.29
Rail	75,000	MC	MC	2,250,000	30.00	3,251,250	43.35
Ties	3,500,000		Each	2,128,000	.604	4,151,000	1.186
Fuel o	4,021,740	Tons		4,300,315		20,115,453	
Total				13,974,128		41,439,471	
Total, Exclusive of Fuel				11,485,813		21,324,024	

Increase over average of 1914
Including Fuel 1926 108.61%
Excluding Fuel 85.67%

Chicago Statistical Department, March 7, 1927

o Above includes 3,999,380 barrels of oil which have been reduced to tons by weight only.

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STATEMENT OF RAILWAY TAX ACCRUALS

For Years Ended June 30, 1910, to June 30, 1916, Incl.
and
Calendar Years 1916 to 1926, Incl.

WESTERN DISTRICT

1. A.T.& S.F.Ry.Sys.	6. C.St.P.M.& O.Ry.	11. Mo.Pac.R.R.	15. Sou.Pac.Lines
2. Chgo.& Alt.R.R.	7. Colo.& Sou.Lines	12. Nor.Pac.Ry.	16. Tex.& Pac.Ry.
3. C.& N.W.Ry.	8. D.& R.G.W.Sys.	13. N.W.P.R.R.	17. U.P.System
4. C.B.& Q.R.R..	9. Great Nor.Ry.	14. St.L.-S.F. Sys.	18. West.Pac.R.R.
5. C.M.& St.P.Ry.	10. Ill.Cent.Sys.		

EASTERN DISTRICT

1. B.& O. R.R.	3. N.Y.C.R.R. (Incl.B.& A. and O.C.Lines)	4. Penn. R.R. System
2. Erie R.R. (Incl.C.& E.)		5. Wabash Ry.

	Western District	Eastern District	Total
Year Ended June 30,			
1910	$ 38,279,491	$ 22,121,618	$ 60,401,109
1911	39,131,468	24,324,825	63,456,293
1912	44,306,724	27,491,017	71,797,741
1913	46,672,573	29,384,181	76,056,754
1914	54,275,138	31,017,483	85,292,621
1915	53,110,789	31,203,113	84,313,902
1916	58,902,439	32,557,588	91,460,027
Year Ended December 31,			
1916	62,856,750	35,755,477	98,612,227
1917	88,992,229	43,738,497	132,730,726
1918	90,072,082	48,329,094	138,401,176
1919	95,128,546	49,885,899	145,014,445
1920	119,024,368	57,435,203	176,459,571
1921	114,584,455	61,915,030	176,499,485
1922	126,735,877	65,087,076	191,822,953
1923	128,716,199	75,083,853	203,800,052
1924	132,427,549	73,902,070	206,329,619
1925	135,977,233	78,725,403	214,702,636
1926	141,492,719	87,565,488	229,058,207
Increase 1926 Over 1910	269.6%	295.8%	279.2%

Prepared by Accounting Dept., Southern Pacific Co.

San Francisco, Calif., March 14, 1927.

nu- which would accrue to these carriers if the $1.44 rate desired by the complainants in this case was ordered. The carriers named on Exhibit No. 205 are the principal short line connections of the transcontinental lines, defendants in this case, and they serve the deciduous fruit growing sections of the State north of Bakersfield.

Thereupon said exhibit was offered and admitted in evidence and marked Defendants' Exhibit No. 205 and is in the following form:

[fol. 735] EXHIBIT No. 205

R. A. Adams.

I. C. C. 19130

Net Income of the Following Short-line Railroads for Year 1926 and Loss in Freight Revenue if $1.44 Rate Applied on 1926 Deciduous Fruit Shipments, Other than Apples, Moving to Transcontinental Destinations; Also Net Income for the Year After Allowing for the Loss

Central California Traction Co., Modesto & Empire Traction Co., Northwestern Pacific R. R. Co., Petaluma & Santa Rosa R. R. Co., Sacramento Northern Railway Co., San Francisco & Sacramento R. R. Co., Tidewater Southern Ry. Co., Visalia Electric R. R. Co.

Railway Operating Revenues

Freight revenue (on deciduous fruits other than apples, moving to transcontinental destinations)		$670,214 07
All other freight revenue		6,502,346 89
All other revenue		4,143,243 15
Total Railway Operating Revenues		11,315,804 11
Total Railway Operating Expenses		8,486,845 97
Net Revenue		2,828,958 14
Railway Tax Accruals		739,200 41
Uncollectible Railway Revenues		1,281 03
Railway Operating Income		2,088,476 70
Equipment & Joint facility rents	Dr.	207,817 59
Net Railway Operating Income		1,880,659 11
Other Income		113,968 17
Total Gross Income		1,994,627 28
Income Deductions		1,848,857 31
Net Income		145,769 97
Loss in 1926 freight revenue if $1.44 rate applied on deciduous fruits, other than apples, moving in transcontinental destinations		114,179 27
Net Income after allowing for reduction in rate		31,590 70

Prepared by Accounting Dept., S. P. Co., San Francisco, Calif. March 24, 1927.

(Here follows Defendants' Exhibit No. 205a, marked side folio page 736)

[fol. 737] The document now shown to me, marked as Defendants' Exhibit No. 206, shows the property investment, book value and operating returns of the Southern Pacific Lines for the year 1907 to and including the year

[fol. 736]

EXHIBIT No. 205-A

Witness: R. Adams.

I. C. C. Docket No. 19130

Net Income of the Following Short Line Railroads, for Year 1926, and Loss in Freight Revenue if $1.44 Rate Applied on 1926 Deciduous Fruit Shipments, Other than Apples, Moving to Transcontinental Destinations, Also Net Income for the Year After Allowing for the Loss

Railway operating revenues	Central Calif. Traction Co.	Modesto & Empire Traction Co.	Sacramento Northern Railway Co.	Tidewater Southern Railway Co.	Petaluma & Sta. Rosa R. R. Co.	San Francisco Sacramento R. R. Co.	North-western Pacific R. R. Co.	Visalia Electric R. R. Co.	Total
Freight revenue (on deciduous fruits other than apples, moving to transcontinental destinations)	$118,294.88	$74,189.68	$45,958.00	$115,513.27	$11,135.83	$20,386.00	$237,295.85	$47,440.56	$670,214.07
All other freight revenue	203,265.31	92,347.01	946,864.65	177,504.55	521,499.80	289,662.82	4,133,191.66	138,011.09	6,502,346.89
All other revenue	168,966.62	5,508.58	576,659.52	23,012.19	46,483.40	680,263.12	2,638,859.78	3,489.94	4,143,243.15
Total Railway Oper. Revenues	490,526.81	172,045.27	1,569,482.17	316,030.01	579,119.03	990,311.94	7,009,347.29	188,941.59	11,315,804.11
Total Railway Oper. Expenses	440,444.00	99,325.72	1,181,297.11	198,372.58	426,257.89	909,782.35	5,135,979.45	95,386.87	8,486,845.97
Net Revenue	50,082.81	72,719.55	388,185.06	117,657.43	152,861.14	80,529.59	1,873,367.84	93,554.72	2,828,958.14
Railway Tax Accruals	30,049.27	10,047.90	81,824.02	24,306.17	34,394.70	53,144.00	490,369.88	15,014.47	739,200.41
Uncollectible Ry. Revenues							1,281.03		1,281.03
Railway Operating Income	20,033.54	62,671.65	306,361.04	93,351.26	118,466.44	27,385.59	1,381,716.93	78,490.25	2,088,476.70
Equipment & Joint facility rents		d 55,340.99				d	152,476.60	d	207,817.59
Net Railway Oper. Income	20,033.54	7,330.66	306,361.04	93,351.26	118,466.44	27,385.59	1,229,240.33	78,490.25	1,880,659.11
Other Income	14,219.17		44,302.08	5,407.80	4,585.90	1,145.56	42,906.74	1,400.92	113,968.17
Total Gross Income	34,252.17	7,330.66	350,663.12	98,759.06	123,052.34	28,531.15	1,272,147.07	79,891.17	1,994,627.28
Income Deductions	62,662.32	17,463.70	207,554.40	19,753.42	32,875.41	62,974.45	1,444,877.13	696.48	1,848,857.31
Net Income (or loss)	d 28,409.61	d 10,133.04	143,108.72	79,005.64	90,176.93	d 34,443.30	d 172,730.06	79,194.69	145,769.97
Loss in 1926 freight revenue if $1.44 rate applied on deciduous fruits, other than apples, moving to transcontinental destinations	20,289.14	12,434.19	7,703.00	20,239.34	1,866.37	3,424.84	39,993.54	8,228.85	114,179.27
Net Income (or loss) after allowing for reduction in rate	d 48,698.75	d 22,567.23	135,405.72	58,766.30	88,310.56	d 37,868.14	d 212,723.60	70,965.84	31,590.70

Prepared by Accounting Dept. S. P. Co., San Francisco, Calif., March 24, 1927.

d-Debit.

[fol. 738]

EXHIBIT No. 206

R. Adams

I. C. C. 19130

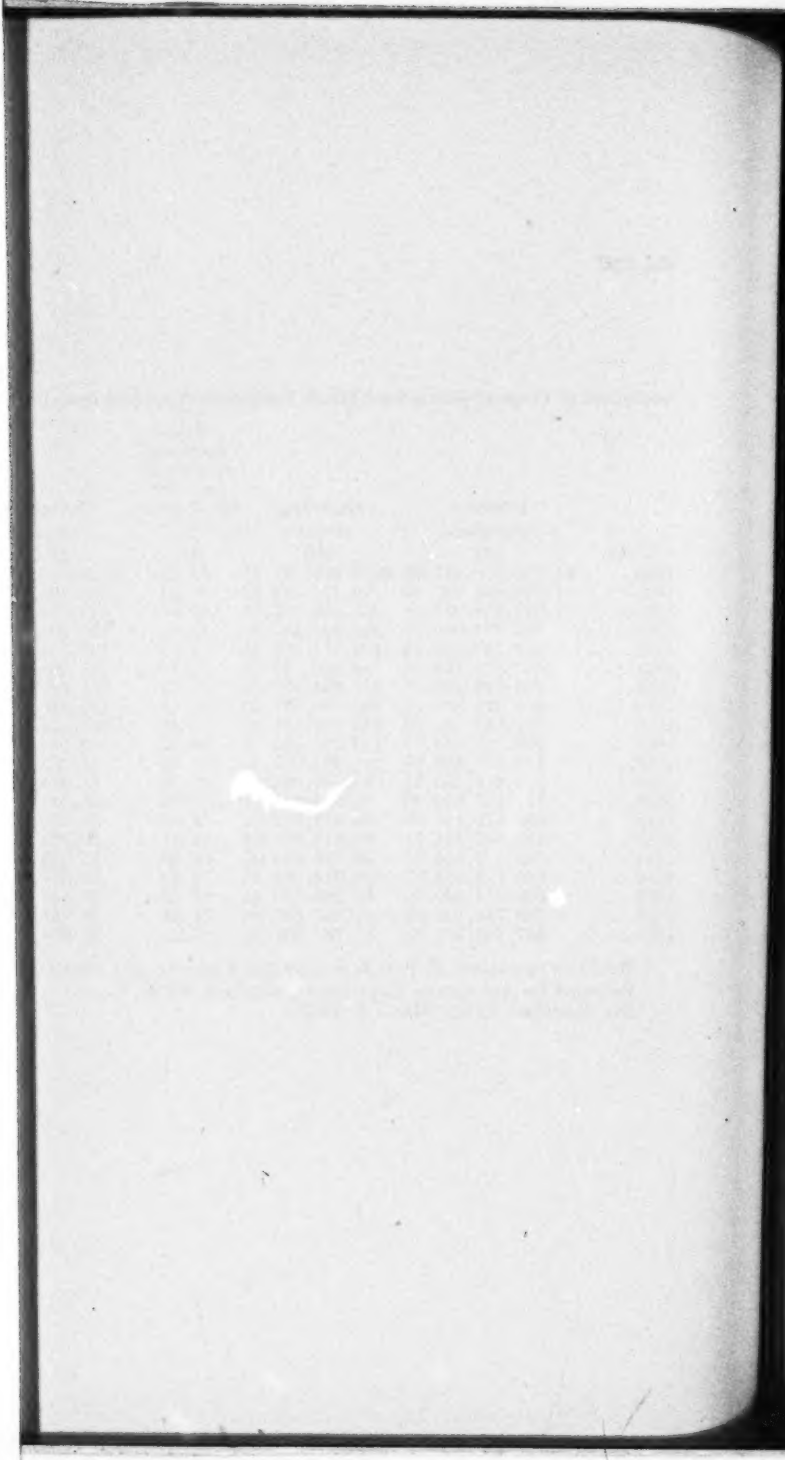
Southern Pacific Company—Pacific Lines

Statement of Property Investment (Book Value) and Operating Returns, Fiscal Years Ended June 30, 1907 to 1915, Inclusive, Calendar Years Ended December 31, 1916 to 1926, Inclusive

Year	Property investment (A)	Operating revenue (B)	Ratio operating revenue to property investment % (C)	Operating expenses (D)	Operating ratio % (E)	Net operating revenue (F)	Taxes (G)	Hire of equipment, joint facilities, etc. (H)	Net operating income (I)	Ratio of net operating income to property investment (J)	Year
1926.....	$1,153,939,416.06	$213,970,447.51	18.54	$146,417,881.24	68.43	$67,552,566.27	$17,572,296.42	$3,349,750.56 Dr.	$46,630,519.29	4.04	1926
1925.....	1,093,401,937.10	210,374,316.97	19.24	148,706,634.75	70.69	61,667,682.22	17,476,256.53	3,221,654.37 Dr.	40,969,771.32	3.75	1925
*1924....	1,040,804,971.28	205,850,971.81	19.78	144,845,776.96	70.36	61,005,194.85	17,402,390.87	2,680,278.22 Dr.	40,922,525.76	3.93	1924
1923.....	897,971,085.07	203,212,584.54	22.63	137,104,120.88	67.47	66,108,463.66	16,899,728.78	3,206,018.94 Dr.	46,002,715.94	5.12	1923
1922.....	850,749,666.14	183,675,379.95	21.59	127,774,263.27	69.57	55,901,116.68	15,480,342.16	1,351,578.25 Dr.	39,069,196.27	4.59	1922
1921.....	847,915,755.75	189,996,741.37	22.41	141,288,800.91	74.36	48,707,940.46	12,649,958.41	2,331,105.52 Dr.	33,726,876.53	3.98	1921
1920.....	824,735,425.26	201,894,192.65	24.48	162,796,069.40	80.63	39,098,123.25	11,474,045.18	1,060.479.19 Dr.	26,563,598.88	3.22	1920
1919.....	802,872,875.65	169,728,931.59	21.14	129,448,484.74	76.27	40,280,446.85	6,815,959.62	786,687.26 Dr.	32,677,799.97	4.07	1919
1918.....	791,751,221.88	153,948,641.25	19.44	113,652,897.90	73.83	40,295,743.35	7,127,320.10	848,363.96 Cr.	34,016,787.21	4.30	1918
1917.....	780,243,334.70	132,257,555.78	16.95	83,644,356.71	63.24	48,613,199.07	7,570,912.34	838,908.60 Cr.	41,881,195.33	5.37	1917
1916.....	765,637,890.93	111,404,393.10	14.55	68,063,393.59	61.10	43,340,999.51	5,519,951.01	421,225.55 Cr.	38,242,274.05	4.99	1916
1915.....	729,614,235.24	88,692,088.82	12.16	55,065,535.87	62.09	33,626,552.95	4,570,019.51	168,553.78 Cr.	29,225,087.22	4.00	1915
1914.....	717,577,020.30	95,048,813.91	13.25	58,112,438.10	61.14	36,936,375.81	5,260,872.23	328,515.37 Dr.	31,346,988.21	4.37	1914
1913.....	695,172,423.00	98,610,512.04	14.19	58,050,791.69	58.87	40,559,720.35	4,379,453.41	917,946.33 Dr.	35,262,320.61	5.07	1913
1912.....	673,643,524.71	94,410,059.34	14.01	55,930,875.64	59.24	38,479,183.70	4,309,576.45	859,380.39 Dr.	33,310,226.86	4.94	1912
1911.....	649,422,446.12	94,798,684.07	14.60	56,085,469.44	59.16	38,713,214.63	3,703,544.39	661,656.42 Dr.	34,348,013.82	5.29	1911
1910.....	626,712,754.07	99,014,004.55	15.80	56,574,425.32	57.14	42,439,579.23	3,437,532.03	812,236.76 Dr.	38,189,810.44	6.09	1910
1909.....	602,334,029.20	85,900,199.61	14.26	50,126,850.22	58.25	35,773,349.39	2,883,663.22	428,471.44 Dr.	32,461,214.73	5.39	1909
1908.....	588,748,100.59	87,487,689.69	14.86	56,331,922.19	64.39	31,155,767.50	2,684,955.04	985,321.13 Dr.	27,485,491.33	4.67	1908
1907.....	567,483,272.49	85,287,269.42	15.03	50,606,439.03	59.34	34,680,830.39	2,091,524.81	696,087.09 Dr.	31,893,218.49	5.62	1907

*Includes operations El Paso & Southwestern and Arizona Eastern companies for full year.

Prepared by Accounting Department, Southern Pacific Co.
San Francisco, Calif., March 5, 1927.



1926. This is taken from the records of the company. There is a substantial increase in the property investment of the Southern Pacific Company in the year 1924, up to and including the year 1926. This is due to the taking over of the El Paso & Southwestern and Arizona Eastern Companies by the Southern Pacific Company.

Said Exhibit was thereupon offered and admitted in evidence and marked Defendants' Exhibit No. 206 and is in the following form:

(Here follows Defendants' Exhibit No. 206, marked side folio page 738)

[fol. 739] Cross-examination:

The figure of property investment incorporated in Exhibits No. 204 and No. 206, are taken from the books of the companies named. They are actual book value figures. They have not been modified. These are the actual figures taken from the books for the accounts shown in the statement. The figures for the Southern Pacific Lines include the entire Southern Pacific System, but no water transportation. It does not include the Atlantic Steamship Company or the Mexican Lines.

The locomotive fuel oil prices for years prior to 1926 are as follows:

For the year ending June 30, 1915, 60¢; for the year 1916, 62¢; for the year ending December 31, 1916, 76¢; 1917, $1.14; 1918, $1.39; 1919, $1.54; 1920, $1.71; 1921, $1.79; 1922, $1.35; for the 10 months of 1923, $1.13.

A deduction of 2¢ per barrel for handling charges at fuel stations is deducted from these rates, and you will then have the purchase cost to the Southern Pacific Company. At page 10 of this exhibit is shown nothing for handling costs.

The Central California Traction Company, in the year 1926, sustained a loss of $28,409.61; the Modesto & Empire Traction Company, in 1926, sustained an operating deficit of $10,133.04. The Petaluma & Santa Rosa Railway Company, for the year 1926, earned a net railway operating income of $90,176.73.

The Northwestern Pacific Railroad Company is owned jointly by the Southern Pacific and the Santa Fe. I think that the Sacramento Northern Railway Company is controlled by the Western Pacific through stock ownership. The Visalia Electric Railroad Company is controlled by the Southern Pacific Company through stock ownership. It is an interurban electric road. The principal revenue of the San Francisco & Sacramento Railroad is from passenger traffic.

[fol. 740] Thereupon PAUL P. HASTINGS was called as a witness on behalf of the defendant and, having been duly sworn, testified as follows:

I am General Freight Agent of the Atchison, Topeka & Santa Fe Railway at San Francisco. For the last twenty years I have been a freight traffic officer in charge of rate making. For two years I was Assistant to the Director of Traffic, United States Railroad Administration. I had charge of the rate department in all lines under Federal control.

Originally traffic between California and the Atlantic seaboard moved by steamship around Cape Horn and later through the straits of Magellan. After the commencement of the transcontinental railroad traffic there was steamship traffic through the straits of Magellan, and then the operation of steamships in connection with the Nicaraguan route overland.

In 1914 the Panama Canal was opened. There was no substantial competition with the railroads until 1920, due to the war conditions. Prior to March 15, 1918, the transcontinental railroads prescribed lower rates to Pacific Coast terminals from the east, and in some respects in the reverse direction, than were applied to the intermediate territory in the west. This was due to water competition which varied during the period prior to that time, but was always present.

The canal lines reentered the intercoastal service in 1920 and their business increased rapidly until it reached the present proportions, particularly on the westbound traffic, in 1922. Under these conditions the railroads were faced

[fol. 741] with losing almost their entire westbound traffic between the Atlantic and Pacific Coast, or make material reductions in rates. Since 1920 we have endeavored to reduce all rates which would increase not only our volume of traffic, but our net earnings on the traffic carried, compared with what we were getting. In some instances we have held the commodities fairly well by these reductions.

On a number of our principal commodities, most of them named in Mr. Remington's Exhibit No. 32, we have made reductions on eastbound business on account of Canal competition. The result of this situation has been to make the transcontinental lines increase one-way carriers of perishable traffic and has increased their cost in carrying that perishable traffic.

I have prepared an exhibit showing the movement via the Canal routes.

Said exhibit was thereupon offered and admitted in evidence as Defendants' Exhibit No. 207, and is in the following form:

[fol. 742]

EXHIBIT No. 207

Witness: Hastings

I. C. C. Docket 19130

United States Water-borne Intercoastal Traffic, Calendar Years 1924 and 1925
(Compiled from Report D. S. 317 of the U. S. Shipping Board, Bureau of Research, Division of Statistics)

N. B.—In Cargo Tons of 2,240 lbs.

Westbound

From	To		California	Oregon	Washington	Total
No. Atlantic		1924	1,491,501	159,924	219,263	1,870,688
		1925	1,453,210	158,094	243,026	1,854,330
So. Atlantic		1924	10,868	2,317	1,399	14,584
		1925	48,516	3,842	7,102	59,460
Gulf		1924	237,879	38,292	34,313	310,484
		1925	231,883	42,783	42,135	316,801
Totals		1924	1,740,248	200,533	254,975	2,195,756
		1925	1,733,609	204,719	292,263	2,230,591

Eastbound

From	To		North Atlantic	South Atlantic	Gulf	Total
California		1924	5,836,681	57,276	219,214	6,113,171
Less petroleum products			5,170,340	39,094	167,291	5,376,725
			666,341	18,182	51,923	736,446
California		1925	3,705,159	150,516	333,795	4,189,470
Less petroleum products			3,041,983	132,969	270,193	3,445,145
			663,176	17,547	63,602	744,325
[fol. 743]						
Oregon		1924	372,938	2,808	14,202	389,948
Less lumber			262,067	714	6,672	269,453
			110,871	2,094	7,530	120,495
Oregon		1925	428,981	14,912	19,185	463,078
Less lumber			308,161	12,403	10,747	331,311
			120,820	2,509	8,438	131,767
Washington		1924	1,298,312	27,645	54,721	1,380,678
Less lumber			1,097,907	15,944	27,785	1,141,636
			200,405	11,701	26,936	239,042
Washington		1925	1,585,643	72,199	60,225	1,718,067
Less lumber			1,062,005	43,546	28,516	1,134,067
			523,638	28,653	31,709	584,000
Total		1924	7,507,931	87,729	288,137	7,883,797
Less petroleum prods. & lumber			6,530,314	55,752	201,748	6,787,814
			977,617	31,977	86,389	1,095,983
Total		1925	5,719,783	237,627	413,205	6,370,615
Less petroleum prods. & lumber			4,412,149	188,918	309,456	4,910,523
			1,307,634	48,709	103,749	1,460,092

[fol. 744] In Mr. Remington's Exhibit No. 32, he has not included all of our rates that have been reduced, but I believe he has presented an exhibit which shows a very fair cross-section of our traffic in the eastbound business.

The items on Exhibit No. 32, which are described as beans, minimum weight 60,000 pounds; canned goods, minimum weight, 60,000 pounds; fruit, dried, in boxes, minimum 60,000; fruit, dried, in sacks, minimum 60,000 pounds; nuts, edible; nuts, kernels; salmon, canned; arsenic, borax, et-cetera, minimum 80,000; clay, Fuller's earth, talc; hides,

green—all show that our present rates are considerably below the result of the general advance. Those are some of our heaviest eastbound commodities, other than perishables.

Those reductions were made solely on account of Canal competition, which I have described. On the item of honey the reduction was made also because of the Canal competition; but partly also to meet the competition of eastern production.

On the items covering junk and papers (waste and scrap) the reduction was on account of the Canal competition; but these are among the items I referred to when I said that some of these reductions had been made to enable us to haul traffic to the east, the middle west or Chicago market, for example, which would otherwise have moved by the Canal to the Atlantic seaboard.

The reductions on hops, on olives, on eggs, on glycerine, and on rice, with a minimum of 60,000 and 80,000 pounds, were also made to meet Canal competition. The reduction on barley was to move business for export via the Gulf ports and was made to meet the direct sailings from Cali- [fol. 745] fornia ports to foreign ports, as well as the competition of the Canal vessels.

The reductions on the item durra, and in the same item, seterita and cafircorn, on poultry feed and on mustard seed, is due indirectly there to the Commission's decision in Docket 12929, covering grain rates, because those commodities are related to the grain rates. I might say, out of that item covering cafircorn, and so forth, I know of no movement eastbound—and very little of the others, too.

There are a number of items here, which, for the want of a better term, I will say cover reductions in rates to meet market conditions—market competition—and by that I mean to enable us to haul from the Pacific Coast, California, some commodity which met with active competition from similar products produced usually in much greater quantity in or nearer the destination territory. Those items are asphalt, vinegar, and vinegar stock, hay, tightly compressed, alfalfa (meal), animal manure, pumice (unground), roofing and roofing material, stone, marble, and paper

(wrapping and plain); the reductions on the roofing and paper were only to Group F or the Missouri River and west where these commodities met with heavy competition from producers around that territory or such points as Chicago and Wisconsin.

The oil, cocoanut, (crude) was reduced because that commodity comes from the Philippine Islands, and moves both from the Atlantic and Gulf ports to the markets in the central and midwestern states, and with our reduction we have been steadily losing ground in hauling that commodity from the Pacific Coast, although we have retained a considerable tonnage.

[fol. 746] Now, the remaining items on Exhibit 32 cover commodities on which the reduction, below the general advance, was made on account of the importation of foreign goods.

The item, third from the bottom of page 1, reading, oils, beans, cocoanuts, etcetera, shows a very considerable reduction. That was where a class rate was reduced to move some traffic consisting of oils produced by crushers on the Pacific Coast who were making the oils out of imported soya beans and copra.

The next item below that, shown as oil, cocoanut (crude), covers the importation of crude cocoanut oils which are pressed in the Philippine Islands and come to this country as oils—that is, imported traffic, as oils.

The next item on the second page covering molasses is for the handling of black strap or refuse molasses coming from the Hawaiian Islands, coming through California ports to retain the market in the middle western states where it is used in stock foods in competition with similar molasses imported in large quantities from Cuba through the Gulf ports to these same markets.

The item covering "soda, nitrate of," is also one covered where importations via the Pacific Coast met with competition from the Atlantic and Gulf Ports. The same is true of "coffee, green"; that rate being published as a domestic rate, to permit the occasional shipment of cars of coffee which come in here but are not handled as through consignments to the east. They are necessarily imported, because we grow none of those things I have mentioned under this heading here in California.

The magnesite shown on page 2 is of California pro-
[fol. 747] duction and the low rate was made on that to enable the California producers to meet the competition in the Central States of magnesite imported through Atlantic or Gulf ports from Greece.

On Mr. Remington's Exhibit No. 33, he has stated a fair cross-section of transcontinental westbound traffic and compares rates in effect on March 1, 1927, with those in effect on June 24, 1918. On this exhibit there has been shown comparatively few of the rates that have not been reduced. We have quite a number of them in the tariff, but such rates do not move a great deal of traffic. The last item on the exhibit, namely, automobiles, passenger, which shows the general advance, is the only commodity moving in heavy volume westbound which is not subject to severe canal competition.

I make this exception; from the bottom, the 3rd item, on sheet 2, shows an advance considerably above the general advance.

In this exhibit there are but six items where the rates show the general advance. They are dried beans, dry goods, shafting, plain, boiler ends, sulphur and passenger automobiles. With the exception of these items, all of the rates shown as in effect on March 1, 1927, were made to meet the Canal competition.

Cross-examination:

The lumber movement from the Pacific Coast represents a substantial part of the transcontinental tonnage to the transcontinental carriers, and the Southern Pacific Company carries a heavy lumber tonnage to the east, although not as heavy as some of the northern lines. Lumber rates
[fol. 748] have increased by 23% since June 4, 1918. The reason that lumber rates have not increased as much as other rates is due to the fact that on June 25, 1918, when the railroads were under Government control, the advance
[fol. 749] in rates was restricted because of the fact that lumber was used in building materials and war supplies, and because of competition in shorter hauls in the eastern territory. The reason for the difference in the relative advance of the lumber and deciduous fruit rates over the

pre-war rates is purely a historical one. The reason for the present adjustment of the petroleum rate is analogous to the reason which I have offered with respect to lumber.

Distance is a factor in ton mile earnings. With increased distance I would expect the earnings per net ton mile to decline somewhat, to whatever extent the terminal expense fades out of the rate. When we are addressing ourselves to the determination of the propriety of certain long haul rates, and we resort to short haul rates upon the same commodity, over the same lines, and under substantially similar transportation conditions, we must find some means of extending this short haul rate for the longer distance in order to have a proper basis of comparison.

A. L. CONRAD was thereupon called as a witness on behalf of the defendants, and having been duly sworn, testified as follows:

I am assistant General Auditor of the Atchison, Topeka & Santa Fe Railway Company. I have had 44 years in railroad experience, commencing as a telegraph operator, station agent, auditor of smaller railroads, traffic manager of smaller railroads, auditor of disbursements of the Santa Fe, and asistant general auditor.

My duties have been largely the supervision of statistics and cost accounting and the making of cost studies. I have prepared a statement which shows the westbound loaded and empty refrigerator car movement of the fruit and vegetable carrying classes received from connecting eastern lines in interchange by the Atchison, Topeka & Santa Fe Railway for the year 1926. This is the statement now shown to me.

[fol. 750] Said statement was thereupon offered and admitted in evidence and marked as Defendant's Exhibit No. 209, and is in the following form:

[fol. 751]

EXHIBIT 209

[1] The Atchison, Topeka and Santa Fe Railway Company

[1] Statement of Westbound Loaded and Empty Refrigerator Cars of the Fruit and Vegetable Carrying Classes Received from Connecting Eastern Lines in Interchange in the Year 1926

	Chicago District				Kansas City District				Total Chicago and Kansas City Districts			
Month received (1)	No. loaded (2)	No. empty (3)	Total (4)	Per cent empty (5)	No. loaded (6)	No. empty (7)	Total (8)	Per cent empty (9)	No. loaded (10)	No. empty (11)	Total (12)	Per cent empty (13)
January	157	2.000	2.157	92.72	303	307	610	50.33	460	2.307	2.767	83.38
February	150	1.556	1.706	91.21	330	231	561	41.18	480	1.787	2.267	78.83
March	172	1,682	1,854	90.72	222	211	433	48.73	394	1,893	2,287	82.77
April	141	2,276	2.417	94.17	134	237	371	63.88	275	2.513	2.788	90.14
May	147	2,128	2,275	93.54	26	222	248	89.52	173	2.350	2.523	93.14
June	103	1,565	1,668	93.83	194	194	388	50.00	297	1,759	2,056	85.55
July	111	3,832	3,943	97.18	213	239	452	52.88	324	4,071	4,395	92.63
August	129	4,291	4,420	97.08	223	389	612	63.56	352	4,680	5,032	93.00
September	172	1,648	1,820	90.55	299	445	744	59.81	471	2,093	2,564	81.63
October	172	4,351	4,523	96.20	562	415	977	42.48	734	4,766	5,500	86.65
November	174	4,416	4,590	96.21	257	190	447	42.51	431	4,606	5,037	91.44
December	201	4,349	4,550	95.58	133	291	424	68.63	334	4.640	4,974	93.29
Total year	1,829	34,094	35,923	94.91	2,896	3,371	6,267	53.79	4,725	37,465	42,190	88.80

[1] Chicago Statistical Department, March 2, 1927.

[fol. 752] In the year 1922 on the lines of the Atchison, Topeka and Santa Fe Railroad west of Albuquerque and Belen, the percentage of empty to total westbound cars was as follows: In 1922, 61.87 per cent; in 1923, 70.34 per cent; in 1925, 76.56 per cent; and in 1926, 76.0 per cent.

During these years in the months of September, October and November, the average was 81.5 per cent.

Thereupon there was offered and admitted in evidence Defendants' Exhibit No. 210, which is in the following form:

[fol. 753] EXHIBIT No. 210

Witness: Conrad

The Atchison, Topeka and Santa Fe Railway—Coast Lines

Statement Showing Westbound Loaded and Empty S. F. R. D. Car Mileage on Lines West of Albuquerque and Belen, Calendars Years 1922, 1923, 1925, and 1926

Month (1)	1922 Loaded (2)	Empty (3)	Total (4)	Per cent empty of Total (5)
January	985,889	1,305,272	2,291,161	56.97
February	1,062,926	903,472	1,966,398	45.95
March	1,283,506	1,614,468	2,897,974	55.71
April	1,306,977	1,419,305	2,726,282	52.06
May	1,375,347	1,276,719	2,652,066	48.14
June	1,297,860	1,263,022	2,560,882	49.32
July	1,386,304	1,652,454	3,038,758	54.38
August	1,382,765	1,492,770	2,875,535	51.91
September	1,376,030	2,995,547	4,371,577	68.52
October	1,108,526	4,950,886	6,059,412	81.71
November	1,611,208	3,699,316	5,310,524	69.66
December	1,448,257	2,776,775	4,225,032	65.72
Total year	15,625,595	25,350,006	40,975,601	61.87

[fol. 754]

Month	1923 Loaded (6)	Empty (7)	Total (8)	Per cent empty of Total (9)
January	1,272,118	2,668,219	3,940,337	67.72
February	1,192,688	1,267,646	2,460,334	51.52
March	1,449,515	2,357,987	3,807,502	61.93
April	1,539,299	2,885,867	4,425,166	65.21
May	1,577,220	2,547,598	4,124,818	61.76
June	1,551,799	2,764,456	4,316,255	64.05
July	1,542,702	2,337,725	3,880,427	60.24
August	1,386,785	2,839,744	4,226,529	67.19
September	1,366,284	4,709,118	6,075,402	77.51
October	1,269,972	7,275,952	8,545,924	85.14
November	1,424,011	5,735,326	7,159,337	80.11
December	1,308,337	2,649,006	3,957,343	66.94
Total year	16,880,730	40,038,644	56,919,374	70.34

[fol. 755]

1925

Month	Loaded (10)	Empty (11)	Total (12)	Per cent empty of Total (13)
January	1,097,766	1,859,538	2,957,304	62.88
February	1,006,689	886,201	1,892,890	46.82
March	1,212,762	1,938,980	3,151,742	61.52
April	1,167,541	2,194,723	3,362,264	65.28
May	1,218,829	1,906,596	3,125,425	61.00
June	1,084,641	1,799,250	2,883,891	62.39
July	1,273,591	4,072,368	5,345,959	76.18
August	1,181,503	3,778,560	4,952,063	76.14
September	1,244,551	6,563,356	7,807,907	84.06
October	1,016,862	10,281,607	11,298,469	91.00
November	1,075,717	5,672,549	6,748,266	84.06
December	1,036,467	3,521,966	4,558,433	77.26
Total year	13,616,919	44,467,694	58,084,613	76.56

[fol. 756]

1926

Month	Loaded (14)	Empty (15)	Total (16)	Per cent empty of total (17)
January	1,074,734	3,554,692	4,629,426	76.78
February	996,016	2,687,490	3,683,506	72.96
March	1,131,597	2,432,674	3,564,271	68.25
April	1,235,685	3,172,862	4,408,647	71.97
May	1,204,255	2,662,367	3,866,622	68.86
June	1,058,833	2,335,708	3,394,541	68.81
July	1,357,803	3,409,460	4,767,263	71.52
August	1,308,980	5,580,704	6,889,684	81.00
September	1,388,178	5,200,231	6,588,409	78.93
October	1,203,911	6,407,575	7,611,486	84.18
November	1,275,393	3,226,234	4,501,627	71.67
December	1,160,507	4,909,423	6,069,930	80.88
Total year	14,395,992	45,579,420	59,975,412	76.00

Chicago Statistical Department, March 2, 1927.

[fol. 757] I have prepared a statement of the S. F. R. D. Refrigerator car mileage, segregated between loaded and empty cars in the years indicated. That is the statement now shown to me.

Said statement was thereupon offered and admitted in evidence and marked as Defendants' Exhibit No. 211 and is in the following form:

[fol. 758]

EXHIBIT No. 211
Witness: Hastings
Docket No. 19130

The Atchison, Topeka and Santa Fe Railway Company—Coast Lines
Statement of S. F. R. D. Refrigerator Car Mileage Secregated Between Loaded and Empty in Selected Years Indicated

Year	Loaded mileage	Empty mileage	Ratio of empty to loaded
1917	52,485,356	23,865,689	45.5
1922	54,224,220	26,329,551	48.6
1923	70,018,795	41,544,149	59.3
1924	67,144,500	39,928,548	59.6
1925	71,512,955	45,594,314	63.8
1926	70,489,181	48,581,287	66.1

[fol. 759] The document now shown to me, marked as Defendants' Exhibit No. 212, shows the percentage of loaded to total car miles as between refrigerator cars and other cars, and also the percentage of all freight cars moving over the Atchison, Topeka & Santa Fe Railway Company during the years 1924, 1925 and 1926.

Said exhibit was thereupon offered and admitted in evidence and marked as Defendants' Exhibit No. 212 and is in the following form:

[fol. 760]

EXHIBIT No. 212

Witness: Hastings

Docket No. 19130

Atchison, Topeka and Santa Fe Railway Company—Coast Lines

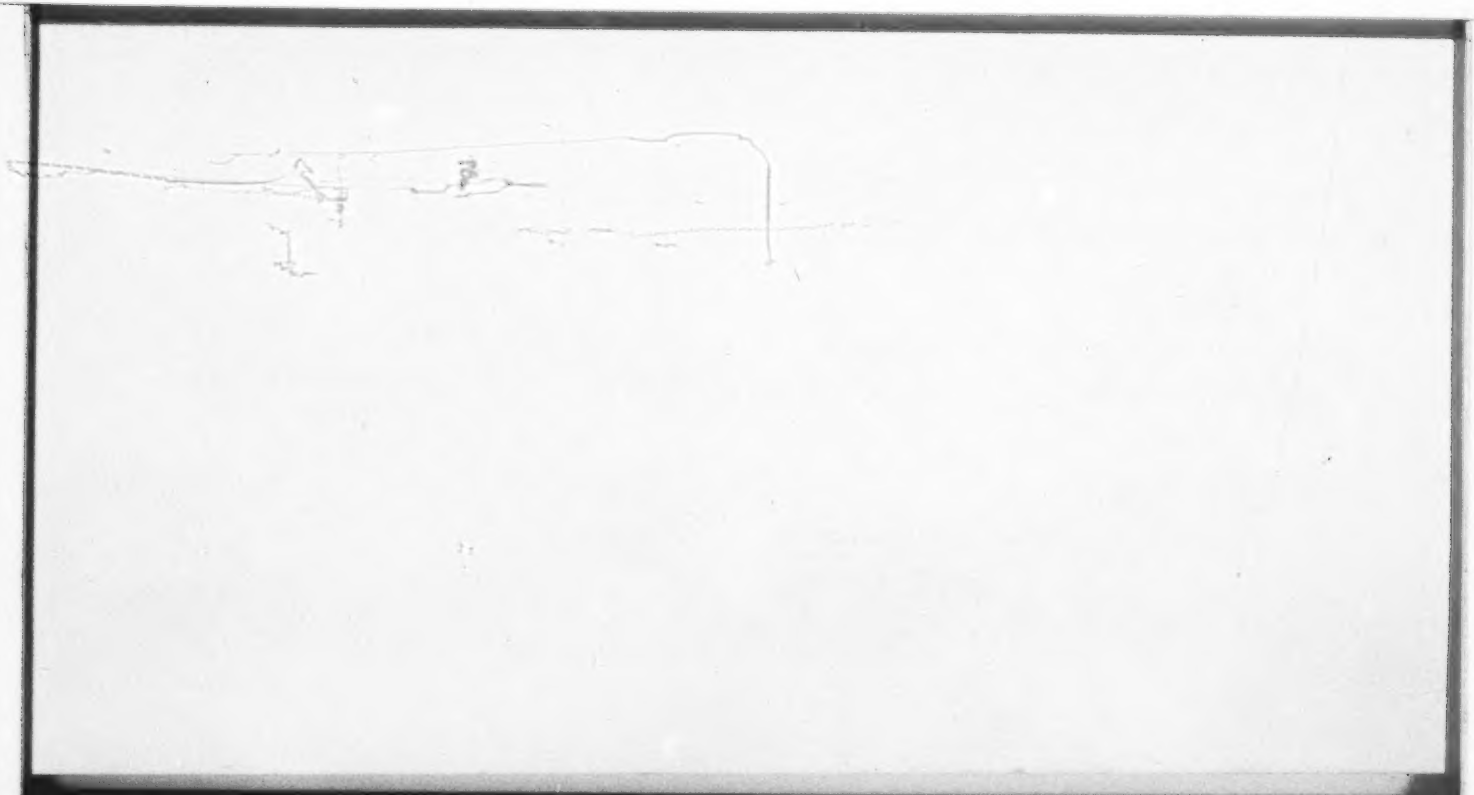
Statement of Car-mile Ratios, Years 1924, 1925, and 1926
Percentage of Loaded to Total Car Miles

Year	Refrigerator cars	Other cars	All freight cars
1924	62.7	68.3	65.9
1925	61.7	69.5	65.8
1926	60.2	69.6	65.5
Total average of three years	61.3	69.2	65.7

Percentage of Empty to Loaded Car Miles

Year	Refrigerator cars	Other cars	All freight cars
1924	59.6	46.4	51.8
1925	63.7	43.8	52.0
1926	66.1	43.5	52.7
Total average of three years	63.2	44.5	52.2

[fol. 761] The exhibit now shown to me, marked as Defendants' Exhibit No. 213, shows the number of tons of revenue freight handled in the years ending December 31, 1924, 1925 and 1926, on the Atchison, Topeka & Santa Fe Railway. This tonnage is segregated between principal commodities. "Other fresh fruit" as the term is used in this exhibit, does not include citrus fruit. That includes deciduous fruit and also other fruit not commonly so designated. Apples are included in the heading "deciduous and other fresh fruit." It is also our melons, cherries and strawberries.



The Atchison Topeka and Santa Fe Railway Company

Number of Tons of Revenue Freight Handled, Years Ended December 31, 1924, 1925, and 1926

Number of Tons of Revenue Freight Handled

Period (1)	Live stock (Com. Nos. 17 18, 19 & 20) (2)	Grain and grain products (Com. Nos. 1 to 8 incl.) (3)	Citrus fruit (Com. No. 11) (4)	Deciduous and other fresh fruit (Com. No. 12) (5)	Potatoes and other fresh vegetables (Com. Nos. 13 & 14) (6)	Lumber (Com. No. 43) (7)	Oil (Com. Nos. 36 & 45 (8)	Coal Com. Nos. 29 & 30 (9)	All other freight (10)	Total all freight (11)	% of deciduous and other fresh fruit to total tonnage (12)
1926, January	70,454	265,739	26,160	4,933	45,679	79,543	499,698	360,500	1,290,588	2,643,294	.00187
February	59,408	234,605	32,880	3,660	28,400	96,188	444,698	291,811	1,196,661	2,338,311	.00153
March	69,530	200,755	46,222	3,655	22,837	104,191	556,490	236,770	1,570,715	2,811,165	.00130
April	103,199	182,618	57,278	3,068	34,752	105,014	486,888	237,002	1,416,941	2,626,760	00117
May	87,097	204,731	59,128	2,712	21,180	103,496	514,949	194,791	1,615,728	2,803,812	.00097
June	58,962	247,992	60,786	10,200	26,150	108,145	578,636	204,999	1,699,691	2,995,561	.00341
Total 1st 6 mos	448,650	1,336,440	282,454	28,228	178,998	596,577	3,081,359	1,525,873	8,790,324	16,268,903	.00173
1926, July	60,879	989,173	48,664	66,965	30,318	107,340	624,395	213,093	1,738,701	3,879,528	.01726
August	83,712	883,699	47,595	82,459	40,973	122,749	687,807	245,570	1,790,893	3,985,457	.02069
September	124,875	469,920	31,904	134,470	29,177	113,616	708,607	299,736	1,675,276	3,587,581	.03748
October	154,470	406,643	34,817	165,407	36,774	107,151	698,111	376,872	1,821,081	3,801,326	.04351
November	147,535	410,630	25,944	85,315	36,575	110,090	717,571	425,851	1,774,375	3,733,886	.02285
December	91,737	372,928	35,202	17,300	44,672	98,348	774,639	426,901	1,479,205	3,340,932	.00518
Total last 6 mos	663,208	3,532,993	224,126	551,916	218,489	659,294	4,211,130	1,988,023	10,279,531	22,328,710	.02472
Excess in last 6 mos. over 1st 6 mos	214,558	2,196,553	58,328	523,688	39,491	62,717	1,129,771	462,150	1,489,207	6,059,807	.08642
1925, January	97,403	362,046	25,105	3,014	41,783	88,187	554,733	432,282	1,155,380	2,749,933	.00110
February	73,560	327,952	26,203	2,718	33,467	94,798	486,449	299,812	1,146,789	2,491,748	.00109
March	81,696	267,570	39,923	3,229	29,910	104,759	530,424	202,197	1,358,424	2,618,132	.00123
April	140,408	194,693	45,727	2,010	25,290	102,344	523,642	156,361	1,304,581	2,495,056	.00081
May	90,744	205,077	43,651	2,770	25,332	101,920	554,849	181,437	1,429,231	2,635,011	.00105
June	69,388	289,682	43,828	7,626	14,920	94,919	601,455	190,795	1,539,279	2,851,842	.00267
Total 1st 6 mos	553,149	1,647,020	224,437	21,367	170,702	586,927	3,241,552	1,463,884	7,933,684	15,841,722	.00135
1925, July	109,893	481,874	32,137	55,672	27,535	100,355	658,317	212,597	1,553,451	3,231,831	.01723
August	104,165	364,886	22,754	72,955	27,194	101,839	620,699	258,388	1,589,259	3,162,139	.02307
September	120,565	252,265	18,731	129,557	30,774	107,706	616,426	312,509	1,633,320	3,221,843	.04021
October	172,578	223,688	16,786	218,515	42,422	110,418	599,566	391,052	1,761,582	3,536,607	.06179
November	137,719	255,328	12,780	121,994	34,475	103,222	556,646	404,931	1,719,229	3,346,324	.03645
December	90,014	342,583	30,401	16,252	41,711	100,124	556,960	410,005	1,709,023	3,297,073	.00493
Total last 6 mos	734,934	1,920,614	133,589	614,945	204,111	623,664	3,608,614	1,989,482	9,965,864	19,795,817	.03106
Excess in last 6 mos. over 1st 6 mos	181,785	273,594	90,848	593,578	33,499	36,737	367,062	526,598	2,032,180	3,954,095	.15012
1924, January	82,077	263,760	26,352	5,264	37,713	83,603	447,848	381,620	1,060,285	2,388,522	.00220
February	56,983	321,013	37,300	5,671	31,199	93,110	399,323	277,843	1,063,157	2,285,599	.00248
March	55,587	268,947	48,680	4,313	28,379	111,898	366,901	274,346	1,293,671	2,452,722	.00176
April	100,194	207,554	50,281	3,020	27,965	101,918	419,877	197,123	1,227,637	2,335,569	.00129
May	96,551	223,923	61,103	2,698	24,591	104,112	445,618	172,755	1,403,760	2,535,111	.00106
June	66,822	207,045	59,589	6,167	14,753	93,350	432,738	179,480	1,335,405	2,395,349	.00257
Total 1st 6 mos	458,214	1,492,242	283,305	27,133	164,600	587,991	2,512,305	1,483,167	7,383,915	14,392,872	.00188
1924, July	67,778	464,390	47,586	47,354	27,814	88,479	515,997	207,410	1,358,662	2,825,470	.01657
August	97,935	760,729	32,258	63,062	28,749	88,459	506,932	218,195	1,358,372	3,154,691	.01999
September	154,055	606,398	28,928	131,853	34,041	103,126	567,860	331,301	1,597,783	3,555,345	.03709
October	203,935	500,173	27,767	144,412	38,871	101,500	516,208	383,113	1,687,685	3,603,664	.04007
November	154,340	461,179	23,177	64,565	39,575	96,926	487,413	342,719	1,432,766	3,102,660	.02081
December	117,142	470,094	29,017	10,824	41,321	101,748	525,185	362,038	1,339,503	2,996,872	.00361
Total last 6 mos	795,185	3,262,963	188,733	462,070	210,371	580,238	3,119,595	1,844,776	8,774,771	19,238,702	.02402
Excess in last 6 mos. over 1st 6 mos	336,971	1,770,721	Recess 94,572	434,937	45,771	Recess 7,753	607,290	361,609	1,390,856	4,845,830	.08975

[fol. 764]

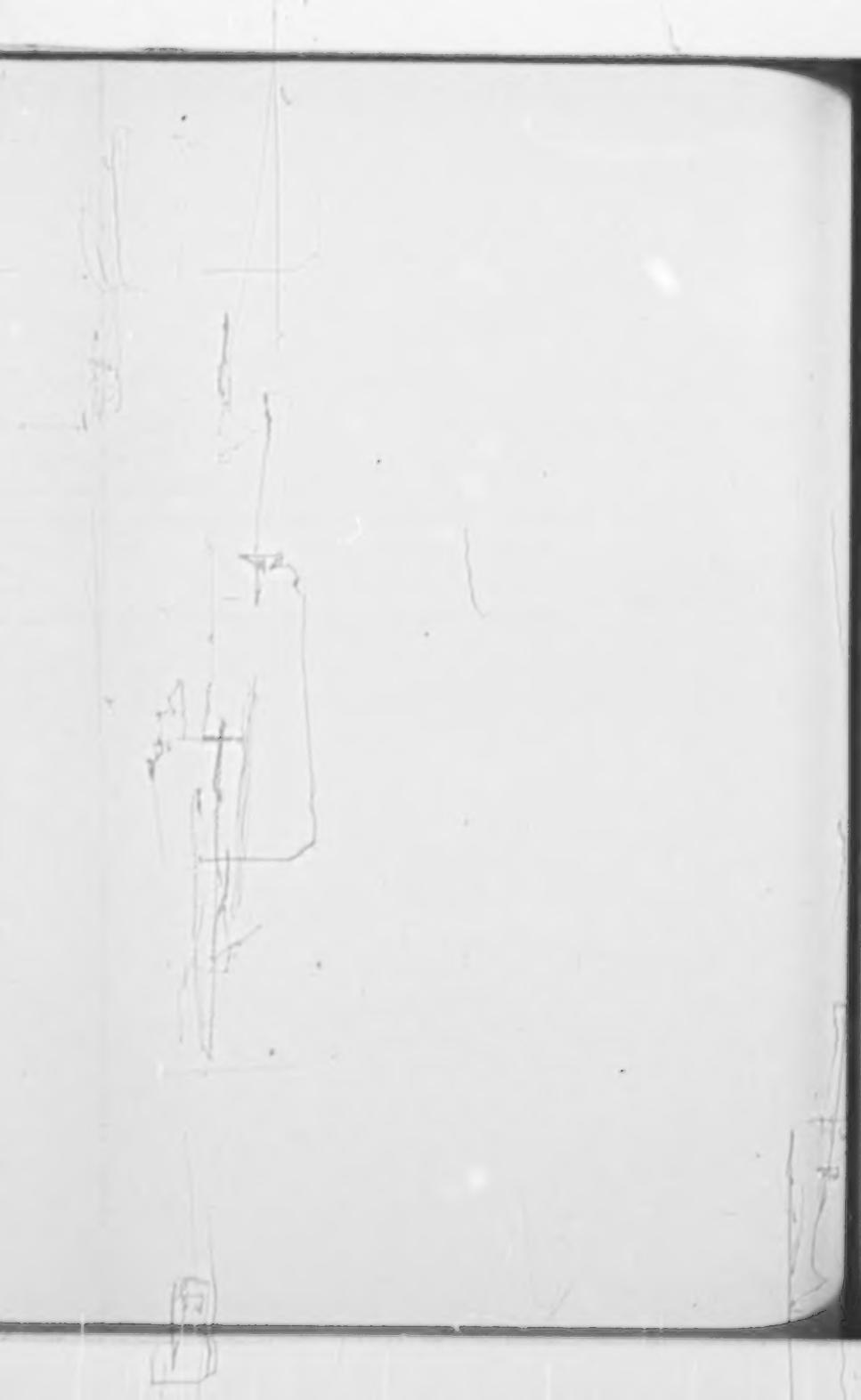
EXHIBIT No. 214

Witness: Conrad

The Atchison, Topeka and Santa Fe Railway Company

Tonnage of Other Fresh Fruits, Total All Freight, and Total All Freight, Excluding Other Fresh Fruits, by Months for the Calendar Year 1926

	January	February	March	April	May	June	July	August	September	October	November	December
Tons, Total all Traffic.....	2,643,294	2,388,311	2,811,165	2,626,760	2,803,812	2,995,561	3,879,528	3,985,457	3,587,581	3,801,326	3,733,886	3,340,932
Tons, Other Fresh Fruits.....	4,933	3,660	3,655	3,068	2,712	10,200	66,965	82,459	134,470	165,407	85,314	17,300
Tons, All Traff. Exc. Other Fr. Fruits.....	2,638,361	2,384,651	2,807,510	2,623,692	2,801,100	2,985,361	3,812,563	3,902,998	3,453,111	3,635,919	3,648,572	3,323,632



Thereupon said Exhibit was offered and admitted in evidence and marked as Defendants' Exhibit No. 213 and is in the following form:

(Here follows Exhibit No. 213, marked side folio page 762)

[fol. 763] The document now shown to me, marked as Defendants' Exhibit No. 214, is a graphical statement showing the tonnage handled by months in the year 1926. The upper solid line represents all freight tonnage. The upper broken line represents all freight tonnage with deciduous and other fresh fruit excluded. Regardless of other fresh fruit, peaks are quite appreciable during July, August, September and October, as compared with the first six months of the year.

Thereupon said Exhibit No. 214 was offered and admitted in evidence and is in the following form:

(Here follows Exhibit No. 214, marked side folio page 764)

[fol. 765] The document now shown to me marked for identification as Defendants' Exhibit No. 216 is a statement of revenues, expenses and taxes, and ratios to revenues of expenses, taxes, and of expenses and taxes combined during the year 1926, and comparison of recorded totals for selected months with restatement of expenses and taxes for those months to ratably carry into months of heavy traffic, expenditures on behalf thereof, during lighter traffic months.

In making up this exhibit, the maintenance of way and structure expense, and the maintenance of equipment expenses as recorded in the various months were restated and apportioned to the individual months on the basis of the ratio of the annual traffic handled in that month as represented by gross ton miles. The same thing was done with the traffic expenses and the general expenses and certain items of transportation expenses, such as superintendence and casualties, all of these items were restated on the basis of maintenance of way and structure expenses. The other expenses, such as train dispatching, station service, yard service, train service, and miscellaneous accounts were assigned to the months on the actual basis in which the expenses were recorded.

After making this adjustment there was still a fluctuation in the operating ratios in the various months, and it was thought to be more informative if we grouped the eight months expenses as reconstructed, in which there was very little deciduous fruit movement, and compared them with the four months in which the bulk of the deciduous fruit moved.

[fol. 766] Thereupon said statement was offered and admitted in evidence and marked Defendants' Exhibit No. 216 and is in the following form:

(Here follows Defendants' Exhibit No. 216, marked side folio page 767)

[fol. 768] During the months when the deciduous fruit traffic is moving, traffic is very much unbalanced. This increases the cost of operation. Notwithstanding the increased tonnage moving during these months, the unbalanced traffic conditions has the effect of nullifying the benefits that might be received from increased traffic.

Cross-examination:

Referring to Exhibit No. 212, it is shown there that taking the three year period the percentage of loaded to total car mileage in the case of refrigerator cars is 61.3, and other cars, 69.2.

There was a- increase in traffic density on the Atchison, Topeka & Santa Fe Railway between 1914 and 1917 of approximately 50 per cent.

[fol. 769] Thereupon, L. N. Bradshaw was called as a witness on behalf of the Defendants, and having been duly sworn, tetstified as follows:

I am Chief Commerce Clerk for the Southern Pacific Company at San Francisco. I have had thirteen years' railroad experience in the traffic department.

The document now shown to me, marked for identification as Defendants' Exhibit No. 222, is self-explanatory. It shows the farm values and relative purchasing power of

[fol. 767]

EXHIBIT No. 216

The Atchison, Topeka and Santa Fe Ry. Co. and Panhandle and Santa Fe Ry. Co.

Statement of Revenues, Expenses, and Taxes, also Ratios to Revenues of Expenses, Taxes, and of Expenses and Taxes Combined, During the Year 1926, and Comparison of Recorded Totals for Selected Months, with Re-statement of Expenses and Taxes for Those Months to Ratably Carry Into Months of Heavy Traffic Expenditures on Behalf Thereof During Lighter Traffic Months

Item	Year 1926, total	Eight months, January to July and December		Four months, August to November	
		Recorded	Restated	Recorded	Restated
Railway Operating Revenues	$225,572,767.16	$13,076,537.34	$138,076,537.34	$87,496,229.82	$87,496,229.82
Railway Operating Expenses:					
I. Maintenance of Way and Structures	29,062,182.73	1,955,296.94	17,199,435.67	9,106,885.79	11,862,747.06
II. Maintenance of Equipment	41,323,568.03	2,982,985.43	24,449,322.61	14,340,582.60	16,874,245.42
III. Traffic	4,546,277.56	3,010,178.35	2,690,555.26	1,536,099.21	1,855,722.30
IV. Transportation—Rail Line	66,194,688.08	43,061,062.25	42,595,246.68	23,133,625.83	23,599,441.40
VI. Miscellaneous Operations	112,313.70	73,989.43	73,989.43	38,324.27	38,324.27
VII. General	4,716,444.51	3,154,903.49	2,794,267.26	1,561,541.02	1,922,177.25
VIII. Transpn. for Inv.–Cr	Cr. 935,993.73	Cr. 651,317.54	Cr. 651,317.54	Cr. 284,676.19	Cr. 284,676.19
Total Railway Operating Expenses	$145,019,480.88	$95,587,098.35	$89,151,499.37	$49,432,382.53	$55,867,981.51
Total Tax Accruals	$19,511,127.41	$11,509,288.32	$11,344,111.91	$8,001,839.09	$8,167,015.50
Total Ry. Oper. Exp. plus Ry. Tax Accruals	$164,530,608.29	$107,096,386.67	$100,495,611.28	$57,434,221.62	$64,034,997.01
Ratio to Revenues of:					
I. Maintenance of Way and Structures	12.88	14.45	12.46	10.41	13.56
II. Maintenance of Equipment	18.32	19.54	17.71	16.39	19.29
III. Traffic	2.02	2.18	1.95	1.76	2.12
IV. Transportation—Rail Line	29.34	31.19	30.85	26.44	26.97
VI. Miscellaneous Operations	.05	.05	.05	.04	.04
VII. General	2.09	2.29	2.02	1.79	2.20
VIII. Transpn. for Inv.–Cr	Cr. .41	Cr. .47	Cr. .47	Cr. .33	Cr. .33
Total Railway Operating Expenses	64.29	69.23	64.57	56.50	63.85
Total Tax Accruals	8.65	8.33	8.21	9.14	9.34
Total Ry. Oper. Exp. plus Ry. Tax Accruals	72.94	77.56	72.78	65.64	73.19

[fol. 770]

EXHIBIT No. 222

INTERSTATE COMMERCE COMMISSION

Docket No. 19130

Farm Values and Relative Purchasing Power of Wine Grapes in California, Years 1913 to 1925, Inclusive

	1913	1914	1915	1916	1917	1918	1919	1920	1921	1922	1923	1924	1925	Source Note
All Commodity Index	100	98	101	127	177	194	206	226	147	149	154	150	159	(1)
Wine Grapes:														
Value Per Ton	$13.42	$11.02	*	$15.00	$13.93	$32.74	$50.00	$75.00	$82.00	$65.00	$40.00	$63.00	$60.00	(2)
Relative Price	100	83	.....	112	104	244	372	558	611	484	298	470	448	(3)
Relative Value	100	85	.....	88	59	125	180	246	415	325	193	313	281	(4)

* Not available.

Source of Data:

(1)—Wholesale price index of Dept. of Labor, based on primary market quotations of 404 commodities. (Published in Statistical Abstract of the United States, 1925: p. 311.

(2)—Years 1913 to 1918 incl.: Reports of California State Board of Viticultural Commissioners, dated March 15, 1914, January 25, 1915, February 15, 1917, February 1, 1918 and March 1, 1919.

Years 1919 to 1925 incl.: Sixth Report of California Board of Agriculture for Period Ending December 31, 1925.

(3)—1913 equals 100.

(4)—Relative prices deflated by the All Commodity Index. The term value is used to denote pruchasing power.

March 26, 1927.

wine grapes in California during the years 1913 to 1925, inclusive. This has been prepared from official or semi-official sources.

Thereupon said Exhibit No. 222 was offered and admitted in evidence and is in the following form:

(Here follows Exhibit No. 222, marked side folio 770)

[fol. 771] A. L. CONRAD was thereupon recalled as a witness on behalf of the Defendants and, having been previously sworn, testified as follows:

I have prepared a statement showing the net operating revenues of the Atchison, Topeka & Santa Fe Railway Company, after deducting restated operating expenses and taxes from the annual gross revenues. That is the statement now shown to me and it is correct. It is for the year 1926.

Said statement was thereupon offered and admitted in evidence and marked Defendants' Exhibit No. 251 and is in the following form:

[fol. 772] DEFENDANTS' EXHIBIT No. 251

Atchison, Topeka and Santa Fe Railway Company
(Includes Panhandle & Santa Fe Ry.)

Statement of Net Operating Revenues After Deducting the Restated Operating Expense and Taxes from the Monthly Gross Revenues

January	$3,379,922.82
February	4,043,744.19
March	5,076,740.06
April	4,188,732.56
May	4,586,036.33
June	5,409,055.40
July	6,387,710.87
August	6,261,032.03
September	5,642,129.62
October	5,557,996.19
November	6,000,074.97
December	4,508,983.83
Total 12 months	$61,042,158.87

[fol. 773] I have also prepared for presentation in this case a statement of the Atchison, Topeka & Santa Fe Railway System grape train cost test of September, 1923. It is correct to the best of my knowledge and belief. This is a cost test made at the request of our executives for the purpose of determining the cost of handling the eastern grape traffic, and also the revenues secured thereon. It was desired to secure accurate facts in respect to handling

costs and the methods used for developing these facts were such as our large experience in these studies has shown to be reasonably accurate and applicable. Primarily, ten average trains moving out of Bakersfield were selected for this investigation. One each day having left that concentration terminal, namely, on September 5, 6, 7, 10, 11, 12, 13, 24, and 25th, in the year 1923. The original intention was to confine this study to these ten trains and their direct connections. However, as this traffic progressed eastward it in part moved in a greater number of trains than the original train and it was found necessary to expand the number of trains included in the study, which vary according to the number of trains that carried the traffic that left Bakersfield in the original ten trains. As a result, the study actually included grape train mileage to an average of 16 trains between Bakersfield and Chicago.

Some of the grapes moved, in the trains studied, included as well, a small quantity of other traffic as well as other grape cars than were started in the original ten trains at Bakersfield; and to adjust that situation it was necessary to convert the gross tonnage of all trains into constructive lading "Grape car miles." This conversion [fol. 774] was made in the ratio of 41.78 gross ton miles, representing 1 grape car mile. In this way the total tonnage of these 10 trains was converted into 100% grape tonnage or grape car miles, and permitted the use of the total cost of removing these trains without making questionable divisions of such costs between such grapes and other commodities carried. There were 521 cars of grapes started in the 10 trains out of Bakersfield or an average of 52 cars per train, and one or two cars of other tonnage. However, the average tonnage included in all the trains studied was the equivalent of an average of approximately 63 cars of grapes per train mile for the entire distance to Chicago. In some instances the trains carried more, and others, less, than this average.

The costs were assigned to these trains on an actual basis, as far as this was possible, and under this plan there was an actual assignment of the wages of the train and enginemen, quantities of fuel used, and these switching costs. The other- are unallocatable expenses, and they were assigned to these trains on a unit-cost basis. In such assignments there were only the main line costs considered.

The maintenance of way and structure expense for other than station facilities and tracks and the locomotive repairs and depreciation were charged to these trains on a local divisional gross ton mile basis. That is to say, each of the costs were determined separately on each operating division and the costs that were charged against these trains were the local costs in that operating district.

Car repairs and depreciation was charged to the trains on the basis of the average car mile costs in the previous [fod. 775] twelve months, but were equated for refrigerator car maintenance costs.

We, in the previous period, had ascertained that the refrigerator cars cost about 110 per cent of the average cost to maintain freight cars. Therefore, these car repairs, car repair costs, were charged against these trains on the basis of 110 per cent of the average cost in the previous 12 months, that is, the average cost per car mile. The cost of repairing refrigeration devices would be included in these refrigerator car costs, because no separation was made as between the refrigeration portion of the cost and the cost of other parts of the car.

The overhead, maintenance of equipment expenses, were charged up on the basis of the manual ratio of such to the total repair charges.

The intermediate station, agent and operating expense, were segregated between train and terminal on the basis of the experienced ratio and only a train mile pro-rata portion of the train element was charged against these trains.

The local switching expenses were assigned to these trains on the basis of the actual time that these trains were switched at the terminals enroute. And at this time it was converted into money on the basis of the average cost per switch engine hour prevailing at each of these terminals where the trains were switched.

The fuel charge was the actual quantities consumed on the trip by the locomotives handling these trains and which was appraised on the basis of the current official price.

The other locomotive and train supplies were charged up on the local unit and consumption basis per locomotive or train mile, as the case may be.

The loss and damage claim payments were included on the basis of the actual amount paid in the previous year per car of California fresh fruits and vegetables handled.
[fol. 776] The traffic expenses were charged up on a manual entire line per ton cost basis.

The general expenses were assigned to these trains on the same ratio as other expenses as prevailed during the previous 12 months for the division involved, and would also be the ratio on the entire line. The switching charges absorbed in Chicago on the locally delivered traffic was charged up on a pro rata basis based on our experience in the amount of such paid in the month of September as compared to the total number of cars handled in and through Chicago, that is, grape cars, I am speaking of. There was also included the terminal expenses in Chicago for handling the cars from the trains to the connecting lines or points where delivered. The cost of handling of empty cars westbound was included in the compilation on the basis of gross ton mile cost of the eastbound created traffic on the operating division involved. In other words, the cost of handling an empty car westbound was charged up on the same unit cost per gross ton mile as that developed for the eastbound loaded train in the operating district involved.

The ratio of the empty to the loaded car mileage was developed by taking these 521 cars leaving Bakersfield in the original 10 trains and tracing the movement of these cars westbound on their trip preceding the loaded trip eastbound.

The empty car mileage proportion of the total westbound car mileage of these cars was 81.5 per cent. In the end there was 10 per cent added to the loaded train and empty car costs, for the expense of handling the company mate-
[fol. 777] rial and which ratio represents our approximate plus cost on the cost of handling railroad traffic, and handling the company material used in the operation of the freight service on the railroad.

The company material ton miles represents approximately 16% of the revenue tonnage hauled on our railroad, but some of it is for additions and betterments and for passenger service, and when these elements are deducted and the freight operating deductions were charged for at representative points of handling such material, the cost of hand-

ling this material was found to be approximately 10 per cent of the expense incurred in handling the revenue traffic. Therefore, 10 per cent was added to the cost of revenue traffic to represent this item of expense.

To complete this cost information there was also determined during the entire month of September, 1923, the cost of assembling this class of traffic on the Valley division in California. This assembly cost was arrived at by first determining and then eliminating the cost of handling the through traffic in that district during the month and using the remainder of the actual expenses incurred in that month as representing the cost of originating and delivering traffic in the district.

There was also ascertained the loaded car miles in the district of traffic originated and delivered, and which afforded a basis for determining the average cost per loaded car mile for the originating and delivering service. And, finally, grape car assembly cost was determined by multiplying this average loaded car mile cost by the number of miles the average grape car moved in the assembling dis- [fol. 778] trict enroute to the concentration terminal at Bakersfield, California.

This exhibit in the upper section shows for each operating division the total expenses charged against the trains studied. The number of grape car miles involved in the gross tonnage handled by these trains and the average cost per car mile on the division.

These costs could not be added in order to determine the cost of one car, because there was a varying quantity of trains and cars included in the study on the different divisions over which the traffic passed. Therefore, there is shown in the lower section a typical cost per car mile and per car of grapes moving to Chicago, over the Chicago district.

This is shown by multiplying the average cost per car mile as shown in the upper section, by the number of miles the car traveled on the division, bringing out the total expense for moving the traffic over the division. This is done for each of the divisions involved and the total for the entire trip amounted to $352.68 per car. In this study there was no segregation made of switching expense as between that part which represents the switching given for the pur-

pose of refrigeration and the other train switching. That amount has been estimated and a deduction made here. The allowance for switching these cars to and from the icing platforms was estimated at 35¢ per car per switch, and that there were 7 switches of this class involved in the trip between the producing territory and Chicago.

Mr. Moore: I might say in that connection, without any justification of our refrigeration charges in accordance with [fol. 779] the decision of the Commission in the perishable freight investigation, 56 ICC, 443-449, we have used 35¢ per car per switch; and on the average, as shown in that and succeeding cases, there were about 7 switches charged for, making $2.45, so we have deducted this from the costs shown on this exhibit.

After deducting the icing and switching costs of $2.45 per car, there remains a net cost of $350.23 per car, which is an average of 15.02 cents per car mile.

There is nothing included in these costs except operating expenses. The study was not carried beyond the operating expense costs.

Q. Have you included anything for taxes?

A. There are no taxes included here, nor rentals, nor hire of equipment.

Q. Now, in 1926 what was the ratio of taxes to operating expenses?

A. 12.4 per cent.

Q. Is this showing, in your opinion, representative of, or unrepresentative of corresponding costs in 1926? If your answer be in the affirmative or the negative, state the reasons for your answer?

A. I believe that this represents a typical cost for 1926 as well as for 1923, for the reason that the same size trains were operated in 1926 as were in 1923. In other words, the loading was no heavier in 1926 than in 1923. Therefore, this traffic would not receive the benefit in the reduction resulting from additional train loading, that is, heavier train loads.

The average cost per hour of wages of employees on the Santa Fe was 59.1¢ per hour—that was in 1923. In 1926 [fol. 780] it was 62¢ per hour, showing an increase in the labor costs of about 5 per cent. There was a small reduction

in the average material costs in 1926 as compared to 1923 which amounted to about 3.75 per cent; there is more labor used than material in the operation of a railroad. Therefore——

Q. (Interposing.) Well, by that you mean that the cost of the labor exceeds the cost of the material?

A. Yes; the cost of the labor exceeds the cost of the material. Therefore the increase in the wages would have more effect on the situation in the two years than the reduction on the material. There was no material change in the average cost per train mile in 1923—between 1923 and 1926. The train and enginemen's cost increased in 1926 over 1923. And the cost—that means the trainmen's—costs, were 26¢ per train mile in 1923. It was 29¢ per train mile in 1926. The enginemen's cost was 2[illegible]¢ per train mile in 1923 and 23¢ per train mile in 1926—on the Western lines.

Q. That is, the western lines?

A. Yes.

Q. That is one of the Grand Divisions of the Santa Fe?

A. Yes. It covers the territory between Belen, New Mexico, and Wellington, Kansas.

Q. Yes.

A. The trainmen's costs on the western lines per train mile were 21¢ in 1923; it was 25¢ in 1926; the enginemen's costs were 19¢ per train mile in 1923 and 22¢ in 1926. On the eastern lines, covering the territory between Wellington, Kansas, and Chicago, the cost per trainmen per train [fol. 781] mile was the same, precisely the same, also for enginemen in both periods.

Taking all these things into consideration I believe that the cost of handling the grape trains or deciduous fruit trains was just as much in 1926 as it was in 1923, although there was some reduction in the average costs per gross ton mile of all traffic.

Q. Mr. Conrad, this study was made in connection with a one-system operation, was it, not from California to Chicago, was it?

A. Yes, it was all a one-system operation.

Q. Now, in your opinion would it be possible for that traffic to be handled as cheaply by any combination of lines between California and Chicago as it was handled by the Santa Fe from California to Chicago?

A. I do not think it could be handled as cheaply by combination lines as it was handled by the Santa Fe. I base that opinion on the fact that any combination of lines that can be made would show a higher operating ratio than the Santa Fe.

Q. Was this study made, Mr. Conrad, for presentation in any case pending before the state commission or the Federal commission?

A. It was not. It was made altogether for the information of our executives; and, in using the vernacular of the street, it was the low-down cost information.

Q. Sweet and low down?

A. Yes.

Q. Had you anything to add, Mr. Conrad?

A. I have nothing more to say about it.

[fol. 782] Thereupon said statement was offered and admitted in evidence as identified and explained by said witness, marked Defendants' Exhibit No. 252, and in the following form:

[fol. 783] DEFENDANTS' EXHIBIT No. 252

The Atchison, Topeka & Santa Fe Railway System

Grape Train Cost Test, September, 1923; Operating Expenses of Grape Trains Studied

Division	No. of train miles represented in test	Total operating expense of trains studied	No. of grape-car miles involved in gross ton-miles of trains studied	Average cost per grape-car mile (cents)
Valley	2,610	22,025.90	61,438	35.85
Arizona	8,068	65,755.93	375,312	17.52
Albuquerque	10,234	80,484.01	620,596	12.96
Pecos	2,880	29,708.00	243,423	12.20
Plains	3,090	30,415.36	248,403	12.24
Panhandle	1,272	14,868.31	100,767	14.75
Middle	1,778	15,570.85	136,331	11.42
Eastern	1,512	14,491.14	129,106	11.22
Kansas City Terminal	.....	2,280.81	1,124 cars	$2.03 per car
Missouri	3,315	25,869.45	222,729	11.61
Illinois	3,565	30,353.07	268,466	11.30
Chicago Terminal	.....	5,012.37	855 cars	$5.97 per car
Loss & damage freight	.....	6,700.47	902 cars	$7.43 per car
Total	38,324	$343,626.07	2,406,571	.....

Typical Cost per Car-mile and Per Car of Grapes Moved to Chicago or Chicago District

Division	Miles hauled on division	Average expense per car mile on division	Total expense on division for one car of grapes
Valley	118	35.85	$42.30
Arizona	459	17.52	80.42
Albuquerque	414	12.96	53.65
Pecos	240	12.20	29.28
Plains	309	12.24	37.82
Panhandle	106	14.75	15.63
Middle	127	11.42	14.50
Eastern	108	11.22	12.11
Kansas City Terminal	(per car)		2.03
Missouri	221	11.61	25.66
Illinois	229	11.30	25.88
Chicago Terminal	(per car)		5.97
Loss & Damage Freight	(per car)		7.43
Total mileage & expense.	2,331	.....	$352.68
Less allowance for switching cars to and from icing platforms (averaging 7 switches at 35c per car per switch)			2.45
Average expense per car mile			$350.23
			15.02 cents

[fol. 784] Mr. Westlake: I might say, Mr. Matthew, that in view of the witness' statement that the repairs to refrigeration devices, or the cost for these repairs is included in his figures, and, inasmuch as our justification of refrigeration charges—we have included $5 per car, it may be stipulated that there may be deducted from the total cost of $350.23 the sum of $5.00, leaving a net cost of $345.24,- - which will result in a change in the last figure on Exhibit 252 of 15.02¢ per car mile, to $.1481 per car mile.

[fol. 785] Cross-examination:

By Mr. Matthew:

Q. Mr. Conrad, in dealing with such divisions as your Panhandle, the middle and eastern divisions, how did you determine your operating costs? I am referring particularly now to your transportation costs?

A. The actual wages paid for the trains under the test was included. The fuel was charged up on the basis of the actual quantity consumed on the trip by the engines that hauled these trains. The switching charges were charged up on the basis of the actual time that the switch engine switched the trains, multiplied by the average cost per hour incurred at the terminal.

Q. Then, as I understand it, you took the direct costs of moving these particular trains?

A. Yes, as far as that could be done.

Q. Well, now, as far as the wages of the train and enginemen are concerned, of course that could be definitely determined?

A. Yes, absolutely correct.

Q. And as far as the locomotive fuel costs are concerned, they could be quite definitely determined?

A. Yes; that would also be true respect to switching costs.

Q. Yes. Now, can you give me the amount which you determined to be the expenses of moving one of these trains over your Valley Division for the 118 miles which you have allowed here, represented by train and enginemen's wages, Mr. Conrad?

A. Well, the Valley Division costs were not determined [fol. 786] in that way. As I explained, the Valley Division was treated in this way: We determined the costs on the same plan for moving the through freight traffic on the Valley Division, excluded that from the actual expenses charged in that month, and the remainder was taken as the cost of the delivering and originating traffic on that division and removing it to Bakersfield.

Q. Yes. Now, then, as to your Valley Division,—and I would understand that you first assembled your total transportating costs, that you then determined the cost of transporting through traffic on that division and deducted that from your total, and then you determined the cost of moving local traffic, other than the fruit traffic, on that division, and deducted that?

A. No; I didn't take that. The costs that I have here are the average costs of delivering and originating of traffic on the Valley Division.

Q. All right. Would it include your local dead freight moved between points on your Valley Division?

A. Yes.

Q. It includes, then, the costs of handling all your local freight, carload and less than carload on that Valley Division?

A. It does.

Q. All right. Now, then, let us proceed from the Valley Division toward the east. I would understand that the Arizona Division, so-called, as shown here, would cover the movement from Bakersfield eastward?

A. Yes, from Bakersfield to Seligman, Arizona.

Q. Now, then, I would understand that you determined [fol. 787] actual costs incurred by your company for trainmen and enginemen's wages in handling this traffic, these trains, from Bakersfield to Seligman; is that right?

A. Yes.

Q. Will you give me that cost?

A. I will have to dig down in the details, I can give you the aggregate. Of course, each train was taken separately; but I have it aggregated here—if that is what you want, Mr. Matthew. * * * In addition to the other items we are talking about (trainmen's and enginemen's wages and fuel oil and coal expenses),—the locomotive repairs are substantially allocated to these trains because the repair cost to be considered is the cost of the repairs to this same type of engine operating on the same division during the previous 18 months.

By Mr. Matthew:

Q. Mr. Conrad, when it came to your maintenance expenses, it is my understanding that you confined your inquiry on the main line, at least from Bakersfield to Chicago?

A. Yes.

Q. And you made your allocation to this traffic upon what basis?

A. On the main line, gross ton mile cost for maintenance, Mr. Matthew.

Q. Gross ton mile?

A. Gross ton mile cost for maintenance in the previous twelve months.

Q. Now, how did you make your allocation of maintenance costs on the Valley Division?

A. We took the actual costs incurred on that division in the month of September. We took the costs as they lay.

Q. Well, but how did you allocate them to this assembly service, for example?

A. The costs that were charged to the Valley Division in our regular accounting. It was a fixed amount. After

eliminating the portion that would apply to the through [fol. 788] traffic, the remainder represented the maintenance cost for assembling.

Q. Well, but I was asking about maintenance, about your maintenance of way costs.

A. That would be the same.

Q. Well, you got your total maintenance of way costs on your Valley Division?

A. Yes; we get that every month.

Q. You had to distribute that in some way easterly to through traffic, as you term it, and this local traffic, did you not?

A. Yes, sir.

Q. How is that done?

A. We eliminate the through traffic on the basis of the average cost per gross ton of all traffic.

Q. Then you reduce your maintenance cost to a factor of per gross ton mile?

A. Yes.

Q. And you allocated that to this assembly traffic, accordingly?

A. Not exactly that. The maintenance costs per gross ton mile were used only in eliminating the expenses of the through traffic. Now, the remainder of the traffic which represents the assembling costs is determined and assigned to grapes on the car mile cost basis. For example, after we eliminate the through traffic we may have a cost, say, of $10,000 for maintenance, and we will say we have 10,000 car miles, loaded car miles in the district. By dividing the car miles into the $10,000 we get the average cost per cost per car mile. That is the way it was assigned to the grape traffic.

[fol. 789] Q. That is what I am trying to get at. Then you allocated your maintenance expenses on the Valley Division in direct proportion to the car miles?

A. Yes.

By Mr. Westlake:

Q. That is, after taking out the through maintenance of way expenses?

A. Yes, of course.

By Mr. Matthew:

Q. Well, you were under the necessity of taking them out on the basis of car miles?

A. No. I take them out on the gross ton mile basis.

Q. But why do you shift from gross ton mile segregation to per car mile segregation?

A. Because I didn't find any practical way of determining the assembling costs on any other basis than on a car mile basis; because the cars move from different points and for different distances; and I had to reduce the costs to a common unit and that was car mile in order so as to apply it to the average distance that the fruit traffic was hauled, Mr. Matthew.

Q. Then why would you not take out the through traffic on the same basis; that is what I cannot quite understand, Mr. Conrad?

A. Well, because I made no separation except as between the through traffic and the local traffic in the district. Now, the local traffic in the district represents two kinds of traffic. It represented the other freight as well as the deciduous fruit traffic.

Q. All right. Now, you allocated your traffic expenses on a per ton basis, you say?

A. Yes, per ton basis. That is not a division expense; [fol. 790] is an entire line expense.

Q. What is the theory of the allocation upon the per ton basis?

A. Well, it was assumed that the deciduous fruit would cost just as much as any other traffic, expense per ton, as all traffic, on the railroad.

Q. Now, have you at any time prepared a cost study similar to this to cover the movement of vegetables from California to Chicago?

A. I have made a study covering the movement of lettuce from California to Chicago. In that study I used these 1923 gross ton mile costs that I developed from this study.

Q. What did you get as the total mileage and expenses of handling lettuce over your line from California to Chicago, Mr. Conrad?

A. I don't recollect the figures, but I remember this feature about it; that it didn't pay operating expenses,—

the revenue on the lettuce traffic didn't pay operating expenses.

Q. It must have been less than $352.68?

Mr. Westlake: Well, Mr. Matthew, what must have been less than that—the cost, or the revenue?

By Mr. Matthew:

Q. The revenue—I should have said—the revenue.

A. No, not that; because, as I recall it, the lettuce traffic doesn't load as heavy as the grapes, therefore, it would be a higher cost on that.

Q. Now, included in the information I requested you to furnish me, will you simply let me have the figure derived [fol. 791] by you for the cost of handling the lettuce traffic which is comparable with this figure of $350.23, which you show upon your Exhibit No. 252?

Q. Now, you spoke of the loss and damage claim item which you have included. Am I correct in recalling that that is based upon the payments made in 1922?

A. Payments made in the year 1922 divided by the number of cars of the fresh fruit and vegetable traffic moving from California in 1922 excluding citrus fruit.

Q. These are 1922 payments which presumably were made largely upon claims covering 1921 shipments?

A. I think so; largely that. The payments on the 1922 shipments would not have entered the accounting to any large extent in the year 1922. That would come later.

Q. I would so understand. I think that is all.

After the close of the hearing in this proceeding the defendants, pursuant to a request of the complainant, submitted to the Interstate Commerce Commission a statement entitled "The Atchison, Topeka & Santa Fe Railway Company Statement of Enginemen's and Trainmen's Wages and Fuel Cost for one Train of Grapes Bakersfield to Chicago as per test in September 1923." It was stipulated at the hearing that this statement should be part of the evidence in this proceeding. Said statement is in the following form:

[fol. 792] The Atchison, Topeka and Santa Fe Railway Company

Statement of Enginemen's and Trainmen's Wages and Fuel Cost for One Train of Grapes, Bakersfield to Chicago, as per Test in September, 1923

Filed on Request of Complainants in Docket No. 19130

Operating division	Distance across division	Average train and enginemen's wages per train	Add proportion for empty cars	Total wages of enginemen and trainmen per train of fruit	Average per train-mile
Arizona	459	$192.78	$98.59	$291.37	$.63
Albuquerque	414	169.74	86.81	256.55	.62
Pecos	240	88.80	39.36	128.16	.53
Plains	309	98.88	43.82	142.70	.46
Panhandle	106	31.80	14.09	45.89	.43
Middle	127	35.56	15.76	51.32	.40
Eastern	108	31.32	13.88	45.20	.42
Missouri	221	70.72	31.34	102.06	.46
Illinois	229	68.70	30.45	99.15	.43
Total & average	2,213	788.30	374.10	1,162.40	.53

[fol. 793]

Operating division	Distance across division	Fuel cost per loaded train	Add proportion for empty cars	Total fuel cost per train of fruit	Average cost per train-mile	Average cost per train-mile for train wages and fuel
Arizona	459	$316.71	$161.91	$478.62	$1.04	$1.67
Albuquerque	414	252.54	129.15	381.69	92	1.54
Pecos	240	146.40	64.88	211.28	88	1.41
Plains	309	120.51	53.41	173.92	56	1.02
Panhandle	106	51.94	23.02	74.96	71	1.14
Middle	127	53.34	23.64	76.98	61	1.01
Eastern	108	56.16	24.89	81.05	75	1.17
Missouri	221	143.65	63.67	207.32	94	1.40
Illinois	229	158.01	70.03	228.04	1.00	1.43
Total & average	2,213	1,299.26	614.60	1,913.86	86	1.39

[fol. 794] A. E. TAYLOR was thereupon called as a witness on behalf of the defendants, and having been duly sworn, testified as follows:

I am connected with the food research institute of Stanford University. I have been engaged for many years in the study of food problems in relation to production, consumption and distribution. During the World War I was with the Food Administration and a member of the War Trade Board in charge of foods and feeds. I came to Stanford University three years ago when its institute of research was established. We give our entire time to investigations relating to food supplies. We keep a general view of the entire field of food production and distribution and consumption.

I have been a member of the faculty of the University of Pennsylvania, and I was on the staff of the American Embassy for a year in Berlin Studying food conditions in the prison war camps. I was a member of Mr. Hoover's Food Administration with the title of Director of Division of Reserves. After the Armistice I made a study of food conditions in the Balkans. My original college degree was an LLB. I am engaged in the study of the disposition and marketing of food stuffs.

The present acreage planted in the State of California is 680,000 acres. 30,000 acres are planted but not in bearing. The total yield is difficult to ascertain. The grape crop depends upon various factors, including weather conditions and the relative inactivity of parasitic diseases, the condition of the soil and its care.

It is my understanding that in recent years the ratio of returns on the grape crop, outside of liquids, at least, has been unsatisfactory from the standpoint of labor costs and investment charges.

[fol. 795] There are low cost producers and high cost producers and it is difficult to reach an average cost of production. There is a wide variation in production cost between high cost producers and low cost producers. I have never seen a trustworthy estimate of the average cost of the production of grapes in California and I question the possibility of procuring it on account of the difficulty of obtaining trustworthy information.

Grapes may be roughly divided into three classes. Raisin grapes, table grapes and juice grapes. A sharp line does not divide these kinds, however. Raisin grapes can be marketed as table grapes, raisin grapes may be marketed as juice grapes, but table grapes cannot be marketed as raisin grapes, but may be marketed as juice grapes. The result is that it is possible to market a surplus of raisin grapes as juice grapes.

A large proportion of California grapes are sold in the east at auction. Grapes are shipped and sold chiefly by commercial shippers.

The grape shippers have no trade association to my knowledge. The conditions in the shipment of grapes in transcontinental transportation are competitive and not coordinative.

No effort has been made to my knowledge to stimulate the consumption of grapes generally. This would be the natural function of the growers if such a campaign should be undertaken.

There are daily fluctuations in the prices of grapes which are in my opinion, due to the quality of the food, quantity, the weather, competitive conditions, the belief of the buyer [fol. 796] as to the ultimate quantity of the crops, and many other considerations including to a degree the perishability of the product. Grapes must be taken off the market within a certain time. They are perishable in more than the average degree.

With respect to the operation of supply and demand in the case of grapes, there is an immediate supply and an immediate demand in the east, but the ultimate demand is in the east and the ultimate supply in California. This relationship, the time required to remove that commodity from California to the east to meet the demand, and the varying competition between other fruits, would prevent anyone from establishing any definite relationship between supply and demand, as can be done at a common market where these factors are not operating.

[fol. 797] Q. Now, Doctor, other things being equal, if the freight rate on fresh grapes moving transcontinentally from California were to be substantially reduced, and growers of raisin grapes believed such a reduction would accrue to the growers in the form of substantially higher prices, and believing further that such prospective prices for raisin grapes sold in the fresh grape market would be higher than they would receive for the same grapes delivered to the Raisin Association, would that have any tendency to encourage growers to ship their grapes fresh instead of dried, do you think?

A. They would face that temptation. It would have that tendency.

Q. The effect, therefore, other things being equal and under certain circumstances of production, would you say that lowering the rate, the freight rate on fresh grapes would have the effect of transferring grapes from the raisin market to the fresh grape market; or would your answer be to the contrary?

A. It could have that effect in the absence of some control.

Q. What would be the logical effect of it; or what would logically be the effect of it?

A. If I were a member of the Raisin Growers Exchange and had the opportunity to sell my crop for fresh grape purposes rather than deliver the raisins to the Association, and get away with it, I should certainly do that.

Q. Would that hold for growers in the Raisin Growers Association and outside of it?

A. Naturally, outside of it there is complete freedom; inside it would amount, under different circumstances to less free transactions; it would hold, however, just the same.

[fol. 798] Q. Just assuming that at the outset a reduction in freight rates on grapes transcontinentally from California would inure to the benefit of the growers, what effect if any, would that have on the production and marketing thereafter?

A. It would be followed by increased production, in my judgment.

Q. And that increased production would be followed by what?

A. Other things being equal, by a decline in price.

If a reduction of the freight rate on fresh deciduous fruits should lead to increased production, other things being equal, the effect would be to lower the price and it would be certainly not improbable to wipe out the gain in return by the freight rate reduction.

The present method of living in the United States, as compared with the past, has caused a decline in the per capita consumption of food. The public is reducing its consumption of staples and increasing its consumption of specialities. The consumption of concentrated foods is declining and is being replaced by the consumption of fruits and vegetables which give the bulk of that which the person wants, with less calories. The western coast has undergone an expansion in the acreage development from the more common field crops to fruits and vegetables.

Since the war, with the general rise in freight rates from coast to coast, a relative burden has been placed on the western products as compared to comparable products raised nearer the centers of population.

[fol. 800]

EXHIBIT No. 253

Statement Showing the Volume of Tonnage Moving Over the Lines of the Southern Pacific Company (Pacific Lines) During the Calendar Year of 1926 from or to Points on Lines of the Southern Pacif and its Short-line Connections on the One Hand and to or from Points in Eastern Defined Territory (Nanely, Groups A. B, C, D, E, F, G, H, J, K, L and M) on the Other. The Figures Shown 2,000 Pounds and the Commodities Shown are the Same as Shown on Defendants Exhibit No. 167, Witness J. L. Fielding

Commodity	Destination																		
	Colo. and N. M.	Kans. and Nebr.	Okla.	Tex.	N. D. and S. D.	Minn.	Iowa	Mo.	Ark.	La.	Ill.	Wis.	Ind.	Mich.	Ohio	Pa.	W. Va.	New Eng.	N. Y.
(Commodities Moving Eastbound from California to Eastern Defined Territory)																			
Bags and Bagging	1,584	.....	20	518	.....	20	94	20	218	143	.....	.....	.....	.....	.....	.....	.....	.....	
Dried Beans	4,878	565	873	5,283	.....	214	935	2,661	627	1,914	3,840	122	1,561	1,470	3,651	4,160	1,185	242	380
Honey	36	446	350	114	.....	.....	58	97	19	.....	193	20	.....	.....	72	66	.....	.....	80
Canned Goods	3,978	15,101	8,407	11,912	3,040	7,074	6,292	19,161	1,841	915	39,677	4,786	5,955	8,391	14,529	4,416	2,603	597	2,180
Cottonseed Cake	406	60	.....	295	25	55	.....	65	.....	25	2,240	.....	.....	.....	25	.....	.....	.....	
Fibers	.....	.....	.....	.....	194	536	.....	2,572	.....	.....	129	9	29	.....	422	.....	.....	.....	34
Hides and Pelts	.....	.....	.....	.....	.....	.....	.....	31	.....	.....	511	939	.....	562	25	442	20	761	408
Hops	.....	.....	.....	22	.....	51	8	403	.....	.....	1,224	347	197	105	746	90	.....	.....	57
Rice	297	20	.....	850	.....	.....	1,679	377	.....	5,249	400	.....	.....	.....	509	.....	.....	.....	38
Wool (scoured)	.....	.....	.....	31	.....	.....	.....	227	.....	.....	15	.....	.....	.....	.....	27	.....	2,995	191
(Commodities Moving Westward to California from Eastern Defined Territory)																			
Bags and Bagging	.....	.....	.....	1,501	.....	.....	.....	35	.....	1,148	44	.....	362	.....	.....	.....	.....	.....	74
Plate Glass	.....	.....	.....	.....	.....	412	.....	445	.....	.....	2,021	128	294	282	193	186	.....	.....	
Stoves and Ranges	.....	71	.....	.....	.....	179	.....	1,008	.....	.....	2,008	592	162	1,426	1,317	143	.....	65	30
Machinery	1,016	109	56	471	.....	970	3,602	1,601	110	188	13,776	6,891	1,900	1,795	6,106	3,604	36	585	3,085
Refined Oil	3,312	1,360	21,385	9,698	.....	.....	754	73	.....	33	472	57	223	.....	442	12,234	502	20	1,127
Tin and Tin Plate	123	.....	.....	.....	.....	.....	.....	.....	.....	.....	946	.....	26,270	.....	4,619	40,370	1,046	.....	146
Structural Iron	992	409	.....	139	.....	626	.....	829	.....	87	10,402	2,061	24,547	126	13,357	15,187	566	43	1,362
Nails and Wire (Iron)	7,680	.....	.....	179	.....	1,215	408	47	.....	78	4,952	.....	316	34	1,196	581	.....	.....	967
Bar and Rod (Iron)	3,620	.....	.....	53	.....	123	.....	88	.....	.....	725	80	1,486	65	733	2,290	.....	.....	
Paints	1,115	101	.....	252	.....	.....	.....	2,362	.....	344	4,472	319	80	164	328	207	52	.....	224
(Rates Other Than Shown Above from California to Eastern Defined Territory																			
Apples	464	3,709	578	5,609	74	52	76	295	151	1,190	7,189	186	76	711	448	413	1,297	90	12,1
Soda, nitrate of	1,390	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	
Borax	.....	80	.....	.....	.....	20	140	162	.....	20	1,768	486	544	302	1,378	873	60	380	1,06
Dried Fruit	2,179	5,838	2,587	7,488	3,062	7,624	5,444	8,590	1,598	1,129	20,536	4,982	2,615	6,856	10,452	5,161	1,043	1,849	4,37
Oranges (pre-cooled)	6,631	21,560	11,174	34,968	1,258	12,906	14,688	19,257	1,580	2,930	45,531	10,252	8,050	23,785	21,250	20,525	450	17,427	64,25
Nuts	283	718	144	459	58	359	391	640	66	95	3,250	168	199	359	796	1,356	59	732	2,58
Onions	305	1,386	45	2,257	157	1,045	122	1,096	31	2,114	10,215	598	60	975	227	1,957	30	2,645	2,47
Eggs	.....	389	.....	44	.....	19	39	13	.....	58	1,771	.....	.....	334	104	1,055	.....	425	9,33
Flour	15,704	12,852	2,087	498	1,540	5,661	1,730	1,649	.....	.....	286	2,127	933	.....	.....	.....	.....	26	
Staves and Headings	.....	.....	.....	33	.....	33	.....	.....	1,908	127	.....	.....	.....	.....	.....	.....	.....	.....	
Canned Goods	2,153	628	.....	354	59	944	4,235	20	165	163	7,311	3,241	5,181	325	40	1,844	26	61	2
Castings	243	.....	.....	.....	.....	.....	113	243	.....	.....	1,023	127	1,010	25	98	58	.....	.....	1,3
Wrapping Paper	.....	86	.....	.....	.....	.....	.....	263	.....	246	41	1,100	.....	109	188	.....	.....	166	6
Soap	.....	61	.....	.....	.....	88	.....	1,783	.....	60	473	177	30	.....	287	.....	.....	.....	
Starch	.....	.....	.....	.....	.....	171	875	.....	.....	.....	4,032	.....	118	.....	30	.....	.....	.....	
Turpentine	20	.....	.....	60	.....	.....	.....	.....	.....	172	20	.....	.....	.....	.....	.....	.....	.....	

San Francisco, March 30, 1927.

EXHIBIT No. 253

lume of Tonnage Moving Over the Lines of the Southern Pacific Company (Pacific Lines) During the Calendar Year of 1926 from or to Points on Lines of the Southern Pacific Company (Pacific Lines) nnections on the One Hand and to or from Points in Eastern Defined Territory (Nanely, Groups A. B, C, D, E, F, G, H, J, K, L and M) on the Other. The Figures Shown Herein Represent Tons of e Commodities Shown are the Same as Shown on Defendants Exhibit No. 167, Witness J. L. Fielding

	Destination																				
	Colo. and N. M.	Kans. and Nebr.	Okla.	Tex.	N. D. and S. D.	Minn.	Iowa	Mo.	Ark.	La.	Ill.	Wis.	Ind.	Mich.	Ohio	Pa.	W. Va.	New Eng.	N. Y.	N. J.	Del. Md. D. C.	Va.
(Commodities Moving Eastbound from California to Eastern Defined Territory)																					
...	1,584	.....	20	518	.....	20	94	20	218	143	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
...	4,878	565	873	5,283	.....	214	935	2,661	627	1,914	3,840	122	1,561	1,470	3,651	4,160	1,185	242	380	65	195	1,080
...	36	446	350	114	.....	.....	58	97	19	.....	193	20	.....	.....	72	66	.....	.....	80	.....	.....	.....
...	3,978	15,101	8,407	11,912	3,040	7,074	6,292	19,161	1,841	915	39,677	4,786	5,955	8,391	14,529	4,416	2,603	597	2,180	64	185	644
...	406	60	.....	295	25	55	.....	65	.....	25	2,240	.....	.....	.....	25	.....	.....	.....	.....	.....	.....	.....
	.....	.....	.....	.....	194	536	.....	2,572	.....	.....	129	9	29	.....	422	.....	.....	.....	34	.....	.....	.....
	.....	.....	.....	.....	.....	.....	.....	31	.....	.....	511	939	.....	562	25	442	20	761	408	57	113	.....
	.....	.....	.....	22	.....	51	8	403	.....	.....	1,224	347	197	105	746	90	.....	.....	57	.....	10	.....
...	297	20	.....	850	.....	.....	1,679	377	.....	5,249	400	.....	.....	.....	509	.....	.....	.....	38	.....	.....	.....
	.....	.....	.....	31	.....	.....	.....	227	.....	.....	15	.....	.....	.....	.....	27	.....	2,995	191	.....	.....	.....
(Commodities Moving Westward to California from Eastern Defined Territory)																					
	.....	.....	.....	1,501	.....	.....	.....	35	.....	1,148	44	.....	362	.....	.....	.....	.....	.....	74	.....	.....	.....
	.....	.....	.....	.....	.....	412	.....	445	.....	.....	2,021	128	294	282	193	186	.....	.....	.....	.....	.....	.....
	.....	71	.....	.....	.....	179	.....	1,008	.....	.....	2,008	592	162	1,426	1,317	143	.....	65	30	75	.....	12
...	1,016	109	56	471	.....	970	3,602	1,601	110	188	13,776	6,891	1,900	1,795	6,106	3,604	36	585	3,085	407	1,081	214
...	3,312	1,360	21,385	9,698	.....	.....	754	73	.....	33	472	57	223	.....	442	12,234	502	20	1,127	335	.....	27
...	123	.....	.....	.....	.....	.....	.....	.....	.....	.....	946	.....	26,270	.....	4,619	40,370	1,046	.....	146	.....	1,709	.....
...	992	409	.....	139	.....	626	.....	829	.....	87	10,402	2,061	24,547	126	13,357	15,187	566	43	1,362	166	.....	21
...	7,680	.....	.....	179	.....	1,215	408	47	.....	78	4,952	.....	316	34	1,196	581	.....	.....	967	20	50	.....
...	3,620	.....	.....	53	.....	123	.....	88	.....	.....	725	80	1,486	65	733	2,290	.....	.....	.....	.....	.....	.....
...	1,115	101	.....	252	.....	.....	.....	2,362	.....	344	4,472	319	80	164	328	207	52	.....	224	33	.....	.....
(Rates Other Than Shown Above from California to Eastern Defined Territory																					
...	464	3,709	578	5,609	74	52	76	295	151	1,190	7,189	186	76	711	448	413	1,297	90	12,186	.....	94	18
...	1,390	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
	.....	80	.....	.....	.....	20	140	162	.....	20	1,768	486	544	302	1,378	873	60	380	1,060	568	957	.....
...	2,179	5,838	2,587	7,488	3,062	7,624	5,444	8,590	1,598	1,129	20,536	4,982	2,615	6,856	10,452	5,161	1,043	1,849	4,372	318	1,162	1,198
...	6,631	21,560	11,174	34,968	1,258	12,906	14,688	19,257	1,580	2,930	45,531	10,252	8,050	23,785	21,250	20,525	450	17,427	64,255	126	2,413	288
...	283	718	144	459	58	359	391	640	66	95	3,250	168	199	359	796	1,356	59	732	2,583	.....	237	34
...	305	1,386	45	2,257	157	1,045	122	1,096	31	2,114	10,215	598	60	975	227	1,957	30	2,645	2,471	15	791	76
	.....	389	.....	44	.....	19	39	13	.....	58	1,771	.....	.....	334	104	1,055	.....	425	9,331	96	27	.....
...	15,704	12,852	2,087	498	1,540	5,661	1,730	1,649	.....	.....	286	2,127	933	.....	.....	.....	.....	26	40	.....	.....	.....
	.....	.....	.....	33	.....	33	.....	.....	1,908	127	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
...	2,153	628	.....	354	59	944	4,285	20	165	163	7,311	3,241	5,181	325	40	1,844	26	61	265	77	15	.....
...	243	.....	.....	.....	.....	.....	113	243	.....	.....	1,023	127	1,010	25	98	58	.....	.....	1,301	9	479	58
	.....	86	.....	.....	.....	.....	.....	263	.....	246	41	1,100	.....	109	188	.....	.....	166	612	.....	.....	.....
...	.....	61	.....	.....	.....	88	.....	1,783	.....	60	473	177	30	.....	287	.....	.....	.....	.....	.....	.....	.....
	.....	.....	.....	.....	.....	171	875	.....	.....	.....	4,032	.....	118	.....	30	.....	.....	.....	.....	.....	.....	.....
...	20	.....	.....	60	.....	.....	.....	.....	.....	172	20	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....

1927.

[fol. 799] Cross-examination:

One of the serious factors in our problems here is the extreme perishability of this product. A second factor is the very great distance of the points of production from the main points of distribution. It is rather difficult to restrain the flow of any commodity of agricultural origin. Citrus fruit can remain on the trees for a considerable length of time after it is ready for harvesting, without injury. The length of time for which pears, peaches and plums can remain on the trees is shorter than that of citrus fruits, and in the case of grapes it is much shorter.

Thereupon H. C. HALLMARK was called as a witness on behalf of the defendants, and having been duly sworn, testified as follows:

I am Assistant Freight Traffic Manager of the Southern Pacific Railroad Company. I have had twenty-two years railroad experience. I have heard Mr. Fielding's testimony in this case. I have prepared an exhibit showing the volume of tonnage moved over the Southern Pacific Company during the year 1926 under the rates shown in the Exhibit. That is the statement now shown to me marked for identification as Defendants' Exhibit 253.

Thereupon the statement was marked, identified and submitted into evidence as Defendants' Exhibit 253, and is in the following form:

(Here follows Defendants' Exhibit No. 253, marked side folio page 800)

[fol. 801] I have also prepared an exhibit of the empty and loaded movements of refrigerator equipment through the interchange points of the Southern Pacific Company with its eastern connections on transcontinental traffic for the year 1926. This includes all refrigerator cars passing these various gateways.

Said statement was thereupon opened and received in evidence marked as Defendants' Exhibit 254 and is in the following form:

[fol. 802] EXHIBIT No. 254

Witness: Hallmark

Empty and Loaded Movement of Equipment Through the Interchange points of the Southern Pacific Company (Pacific Lines) with Its Eastern Connections on Transcontinental Traffic (1926)

Refrigerator Cars

	Eastbound		Westbound	
	Loads	Empty	Loads	Empty
Vaughn, N. M.	108	13	96	677
Deming, N. M.	130	53	48	134
El Paso, Texas	27,648	868	6,044	17,937
Ogden, Utah	70,703	1,270	9,947	56,110
Total	98,589	2,204	16,135	74,858
Box Cars				
Vaughn, N. M.	700	45	162	1,548
Deming, N. M.	752	779	858	407
El Paso, Texas	26,488	7,792	29,168	7,119
Ogden, Utah	54,356	3,064	36,806	6,143
Total	82,296	11,680	66,994	15,217
Tank Cars				
Vaughn, N. M.	31	80	74	36
Deming, N. M.	26	91	115	26
El Paso, Texas	1,158	1,138	1,156	1,137
Ogden, Utah	1,557	484	521	1,545
Total	2,772	1,793	1,868	2,744

The westbound empties are the following percentages of the eastbound loads:

Refrigerator cars	75.92%
Box cars	18.49%
Tank cars	98.98%

and the following percentages of the east and westbound loads:

Refrigerator cars	65.25%
Box cars	1.02%
Tank cars	59.16%

[fol. 803] I have ascertained the ratio of the eastbound tonnage of the various commodities to the total eastbound transcontinental tonnage, in the case of the Southern Pacific Company. These figures are as follows: Deciduous fruits, excluding apples, 12.5 per cent; citrus fruits, 9.0 per cent; vegetables and melons, 12.3 per cent; apples, 0.3 per cent; total of all perishables, 34.1 per cent; and lumber, 27.5 per cent. Those five items constitute 61.6 per cent of the total eastbound transcontinental traffic of the Southern Pacific Company. That lumber movement includes Oregon lumber.

Thereupon there was offered and received in evidence as complainant's Exhibit No. 255 a statement which is in the following form:

[fol. 804] COMPLAINANT'S EXHIBIT No. 255

Witness: Matthews

(P. 1 of 2 pp.)

BEFORE THE INTERSTATE COMMERCE COMMISSION

Docket No. 19130

CALIFORNIA GROWERS' AND SHIPPERS' PROTECTIVE LEAGUE

vs.

THE ATCHISON, TOPEKA AND SANTA FE RAILWAY COMPANY et al.

Statement, as of February 15, 1927, Showing Fuel-oil Prices, 1920-1926, Inclusive

Ex Tank-San Francisco Bay Refineries

1920:		
January 1st	$1.60	
March 17th	1.85	
May 26th	2.10	
July 13th	2.00	Shell price $2.35—Reduced to $2.00 on February 7th, 1921.
1921:		
May 13th	$1.75	
August 3rd	1.50	
1922:		
July 15th	$1.25	
August 8th	1.00	
1924:		
January 22nd	$1.25	
February 5th	1.40	

1925:		
February 4th ...	$1.65	Standard.
	1.65	Associated.
	1.40	Shell—Price increased to $1.65 on February 11th.
	1.40	Union—Price increased to $1.55 on February 7th plus 5¢ barging.
May 16th	1.55	Standard, Associated, Shell & Union.
August 29th	1.25	
October 27th	1.04	This price unchanged to date.

NOTE.—For deliveries by barge in the Bay an additional charge was made, rate depending upon quantity delivered. Companies gradually began absorbing barging charge in 1925 and eventually barging charge was discotninued (About October, 1925).

[fol. 805] (P. 2 of 2 pp.)

Barging Schedule

January 1, 1920.—2¢ per barrel plus $20.00 for each delivery.

November 21, 1923.—Points between Antioch and South San Francisco:

Lots of 100 to 499	Barrels—	8¢	per barrel.
Lots of 500 to 2,499	"	6¢	" "
Lots of 2,500 or over		5¢	" "

When the Buyer is responsible for delay, demurrage after the first thirty minutes delay to be at the rate of $15.00 per hour.

NOTE.—This schedule is still in effect but no charge for barging is made at the present time.

[fol. 806] Thereupon H. E. COLE was called as a witness on behalf of the complainant and, having been duly sworn, testified as follows:

I am Traffic Manager for California Fruit Exchange which is a non-profit corporation engaged in the marketing of deciduous fruits for its members, and is a mutual company.

In 1926 the volume of deciduous fruit shipped by California Fruit Exchange from California to transcontinental destinations was 12,000 cars, fifty percent of which were grapes.

During the season of 1914 there was no shortage of refrigerator cars in California. There was a very slight shortage for a day or so in 1915. In 1916 on account of congestion in the east there was a car shortage. After August 1, 1917, there was a serious car shortage.

Thereupon M. E. McKIRAHAN was called as a witness on behalf of complainant and, having been duly sworn, testified as follows:

I am Traffic Manager of the California Fruit Distributors, which is a non-profit organization, organized under the laws of the State of California to distribute and market deciduous fruits.

We shipped over 16,000 cars of deciduous fruit in 1926. When cars are loaded and bill of lading issued the documents are delivered by the member to the California Fruit Distributors which takes charge of the car and sells it.

I am in charge of reconsignments and diversions. I have had twenty odd years of railroad experience.

East of Council Bluffs deciduous fruit traffic is distributed between the Chicago & Northwestern, Chicago, Milwaukee & St. Paul and Illinois Central Railroads. This distribution is the result of solicitation of these lines. The routing of the fruit shipments easterly from Chicago is governed by the location of facilities where the shipments are sold.

[fol. 807] Reconsignments and diversions of shipments of deciduous fruit are affected by embargoes of which five were issued by five different roads during August 1925, and seven September 1925. In August there were nine in the aggregate issued by lines east of Chicago.

When embargoes are issued a permit must be obtained from the carrier issuing the embargo before the cars can be placed at embargo points. This results in a large number of diversions on the part of the shippers or receivers, because in order to obtain a permit it is necessary that the cars be en route in order that the carrier may be furnished with the necessary information. The declaration of the embargo in conjunction with this permit system appreciably increases the number of diversions and reconsignments.

Within the past two years there has been an appreciable reduction in the claims filed and paid upon fruit shipments of California deciduous fruits. In 1920 the total claims paid by carriers to the California Fruit Distributors was $307,134.00; in 1921 there was an increase in shipments of 11,461 cars and the total payments were $470,598.00; in 1925 16,695 cars were shipped and the total claims paid to California Fruit Distributors in that year was $172,181.00; in 1926 we shipped 16,102 cars and the total claims made during that calendar year were $160,548.00.

This shows a reduction from $30.00 per car in 1920 to something like $10.00 per car in 1926. For the years 1922, 1923 and 1924, by reason of strike conditions, the claim payments were decidedly higher.

In 1922 we shipped 12,355 cars and the claims paid were $122,554.11. In 1923, 16,128 cars were shipped and the claim payments amounted to $554,121.00. In 1924, 13,779 cars were shipped and the claim payments amounted to $354,972.

[fol. 808] The 1926 figures for loss and damage payments on shipments of deciduous fruit represent payments collected in that year. We have adjusted more than one-third of the claims on the 1926 shipments.

The decline in the amounts of claims paid per car between 1920 and 1926 are caused, I believe, by several factors, the most prominent of which are the maintenance of schedules agreed upon and the work performed by the carriers at points of origin in instructions to shippers upon methods of loading, and the efforts on the part of shippers to improve their containers.

Cross-examination:

The usual reason assigned for an embargo is anticipated congestion in the terminals, which is caused by inadequacy

of the terminal facilities at a given time for the traffic that is offered. The embargoes are due to the fact that more traffic is offered than the terminals can handle.

Thereupon V. S. ANDRUS was recalled as a witness and testified further as follows:

The banana schedule between El Paso and Yuma is 32 hours, which figures approximately 18 miles per hour. Merchandise schedule, which is not perishable freight, is 51 hours, or a speed of about 11 miles per hour. The banana trains, moving either to Phoenix, Tucson or Douglass, develop an average speed per hour ranging from 14.8 to 20.4 miles per hour.

[fol. 809] The average weight per car of bananas shipped from New Orleans to California destinations is 21,600 pounds; the total movement of bananas from, to or between points served by the Southern Pacific lines was 5,064 carloads, and the average weight per car was 21,500 pounds.

The relation of the paying load to the gross weight handled upon the banana traffic is 30.9 per cent; upon deciduous fruits except grapes and apples, 35.5 per cent; upon grapes, 37.8 per cent; upon deciduous fruit, excluding apples, 37.5 per cent.

Bananas destined to Arizona and New Mexico show for the year 1925 that the average loading is 10.64 tons and they utilized but 35.48 per cent of the available car capacity. The corresponding system figure for the perishable movement in refrigerator cars, including also the bananas, was 44.9 per cent.

Mr. Matthew: I want to refer to Exhibit Number 4 in this same case, introduced through the witness Bordelon, for the Southern Pacific Company, showing the amount of terminal expenses at the port of New Orleans, Louisiana, on bananas in carloads moving by the T. & P. Railway for the year 1924. The copy of the exhibit proceeds to recite that these expenses are absorbed out of tariff rates on this traffic.

May I say, Mr. Examiner, this Exhibit 4 shows that various operating expenses are absorbed by the Texas & Pacific Railroad on bananas moving from New Orleans, including wharfage, slatting, switching, loading, cases, cost of ice, and false floors, amounting to an average per car of $19,825, in addition to which it appears from a note on the exhibit that, commencing July 1st, 1925, tollage will be absorbed equal to $1 per car, would likewise be absorbed. Now I desire to offer, if the Examiner please, a copy of Exhibit [fol. 810] Number 27 received in evidence in this case, offered through the witness, Mr. Bradshaw, by the Southern Pacific Company. I may explain that this copy was very hastily prepared and the mimeographer has entirely made it our exhibit, without giving due credit for its origin.

Thereupon said copy of Exhibit 27 in Docket No. 18271 was offered and admitted in evidence and marked Plaintiff's Exhibit No. 256 and is in the following form:

(Here follows Complainant's Exhibit No. 256, marked side folio page 811)

[fol. 812] Mr. Matthew: It appears upon page 70 of the transcript of the hearing in Docket 18271, testimony given by the witness C. D. Bordelon, Chief Commerce Clerk of the Southern Pacific's Louisiana Lines, at New Orleans, that upon the arrival of the vessels at New Orleans the bananas must be promptly unloaded and shipments tendered the individual lines of railway—must be moved promptly. This makes it necessary for the carriers to have on hand at all times a sufficient amount of empty equipment to handle this traffic, banana traffic.

It is there stated that the Southern Pacific Lines maintain at Algiers at all times a large supply of cars for the banana service. These are refrigerator cars. The equipment at Algiers is partly composed of refrigerator cars made empty at New Orleans, but the main supply is brought in empty from Texas, particularly Houston. As often as twice a month it is necessary to bring in a trainload of refrigerator cars all the way from Houston, a distance of 362 miles.

[fol. 811]

COMPLAINANT'S EXHIBIT No. 256

Witness: Matthew

BEFORE THE INTERSTATE COMMERCE COMMISSION

CALIFORNIA GROWERS' AND SHIPPERS' PROTECTIVE LEAGUE

vs.

THE ATCHISON, TOPEKA AND SANTA FE RAILWAY COMPANY ET AL.

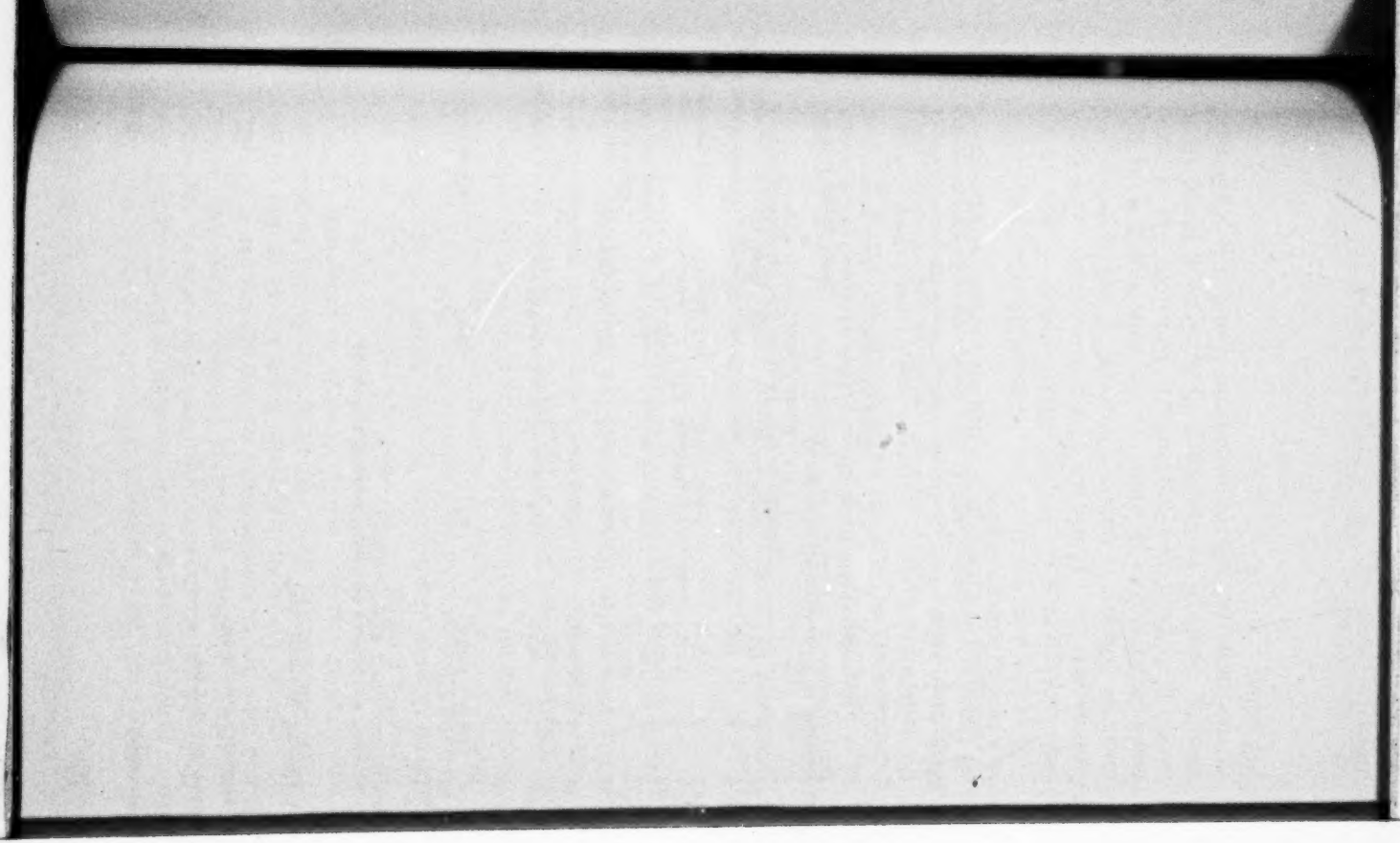
Docket 19130

Statement Showing Rates and Earnings on Bananas, Carloads from New Orleans, La., to Phoenix, Ariz., and Tucson, Ariz., Compared with Rates and Earnings on Other Traffic for Similar Distant Hauls

Commodity	From	To	Miles	Route	Rate per 100 lbs., cents	Minimum weight (lbs.)	Average loading (lbs.)	Gross weight (lbs.)	Average revenue (dollars)	Ton mi. revenue (mills) Wt.	Ton mi. revenue (mills) Gr.	Car mi. revenue (cents)	Tariff authority Item	Issued by	R. R. No.	I. C. C. No.
					Rates Complained Of											
Bananas	New Orleans, La.	Phoenix, Ariz.	1626	1	187½	20,000	21,500	69,500	403.13	23.1	7.1	24.8	2650	H.G. Toll	1-Z	1166
"	"	Tucson, "	1505	1	187½	20,000	21,500	69,500	392.38	24.2	7.5	26.1	7565-A	"	1-Z	1166
"	"	Pacific Coast	2151-A	1	187½	20,000	21,500	69,500	403.13	17.4	5.4	18.7	2650	"	1-Z	1166
					Comparisons											
Fruit, Citrus	Phoenix, Ariz.	Eastern Points	1927-B	..	155	36,000	.....	84,000	558.00	16.1	6.9	29.0	4110	"	3-U	1174
Fruit, Deciduous	" "	" "	1770-B	..	173	26,000	28,400	76,400	491.32	19.5	7.3	27.7	1945	"	3-U	1174
Butter, eggs, poultry	Butte, Mont.	San Francisco	1179	2	171	24,000	27,600	75,600	471.96	29.0	10.7	40.0	1543-B F	G$	2-F	764
Butter, eggs, poultry	Billings, Mont.	" "	1415	3	225	24,000	27,600	75,600	621.00	31.8	11.8	43.9	1545-B	"	2-F	764
Lettuce	Arizona	East Pts. Group E-10.	1253-C	..	146	20,000	22,600	70,600	329.96	23.3	7.5	26.3	3510	H.G. Toll	3-U	1174
Vegetables, Fresh	Phoenix, Ariz.	Butte, Mont.	1547	4	206½	20,000	20,600	68,600	425.39	26.7	8.0	27.5	" F	G$	26-M	831
													F	G$	58-F	767
Honey, Comb	Phoenix, Ariz.	St. Louis, Mo.	1658	5	275	30,000	39,578	87,578	1088.40	33.2	14.9	65.6	2245	Toll	3-U	1174
Grapes	Lodi, Cal.	Butte, Mont.	1121	2	162	26,000	29,200	77,200	461.04	28.9	10.9	41.1	.. F	G$	58-F	767

A—Average weighted haul under $1.87½ on bananas.
B— " " " from Arizona.
C— " " " " " to points in Group D and E as described in T.C.F.B. Eastbound Tariff.
$F. W. Gomph, Agent.
Southern Pacific Company—Pacific Lines, Freight Traffic Department.
San Francisco, Calif, November 24, 1926.

Routes:
1. Southern Pacific Lines.
2. Southern Pacific Company, Ogden, Utah—Union Pacific.
3. Southern Pacific Company, Ogden, Utah—Union Pacific, Butte, Mont., Northern Pacific.
4. Southern Pacific Company, Colton, Cal., Union Pacific.
5. Southern Pacific Company, Tuscumcari, N. M., C.R.I. & P. Kansas City, Mo.—Wabash.



Upon pages 74 and 75 of the transcript of this hearing, again through the testimony of the witness Bordelon, there is a summary of the allowance and absorption made by the Southern Pacific Company in connection with the banana movement.

From New Orleans it is substantially identical with the showing made in the exhibit covering the operations of the Texas & Pacific Railway, to which I have previously referred. It is stated by Mr. Bordelon, on page 75 of the transcript, that the record of absorptions by the Southern [fol. 813] Pacific Railway was made at Mr. Bordelon's request.

I think I am correct in understanding that the Southern Pacific's absorptions are identical of those of the Texas & Pacific?

Mr. Lyons: Yes, I think that is correct.

Mr. Matthew: Upon pages 78 and 79 of the transcript Mr. Bordelon testifies, respecting the free transportation given to banana messengers, and the statement is made upon 80 of the transcript that some 1,712 banana messengers were given free transportation from El Paso easterly during the single year covered by Exhibit Number 7, and that if revenue had been received for the transportation of these 1,712 messengers, the carrier would have earned $78,725.76.

I find that I was in error there in saying that the 1,712 messengers received this transportation in a single year. The fact is, as shown by Exhibit Number 7, that the statement covers a period of four years and six months, that is, from 1922 to and including the first six months of 1926.

Thereupon H. M. Remington was recalled as a witness for the complainants and testified further as follows:

I have prepared a brief summary of the amount of shrinkage per car and in the aggregate which would be borne by the principal participating carriers if the rates demanded by the complainants should be fixed in this case.

I have taken the actual average revenue per car of $489.42 as indicated in the Witness Fielding's Exhibit 166 for the year 1926. I have taken an indicated revenue per

[fol. 814] car on an average weight of 30,000 pounds, at $1.44, which gives an indicated revenue of $432.00, and an indicated shrinkage per car arrived at by deducting the $432.00 from $489.42, or $57.42 per car. I have distributed this shrinkage first on a per car basis, taking the Santa Fe traffic, and allowing the lines east of Chicago 16.5 per cent. I arrive at a shrinkage of $9.47 for those lines. I have allocated against the Santa Fe and its California connections 83.5 per cent on a shrinkage of $47.95 per car.

On the Southern Pacific, Western Pacific, Los Angeles & Salt Lake traffic, and that originated by their California connections, I have likewise allowed the lines east of Chicago 16.5 per cent, or $9.47 shrinkage per car.

For the Missouri River lines I have allocated 16.5 per cent of the remainder, or a shrinkage of $7.91 per car. For the Union Pacific and their lines operating between the outer gateways and the Missouri River crossings, I have allowed 5.4 per cent of the remainder, or $21.62 per car.

For the Southern Pacific and Western Pacific and Los Angeles and Salt Lake Railroad, together with their California connections, I have allowed 46 per cent of the proportion west of the Missouri River, $18.42 per car.

I have assumed the traffic is moved for an average weighted haul 2,900 miles.

For the lines east of Chicago, and taking 76,000 cars at 9.47, the indicated shrinkage is $719,720.00 for the Missouri River lines.

Excluding the Santa Fe and using 56,000 cars at $7.91, [fol. 815] the indicated shrinkage is $442,960.00. For the Union Pacific and their lines between the Ogden gateways and Missouri River crossings, again using 56,000 cars at $21.62 per car, the indicated shrinkage is $1,210,720.00.

For the Southern Pacific and its California connecting lines, using 45,000 cars at a shrinkage of $18.42 per car, the indicated shrinkage is $828,900.00.

For the Western Pacific and its California connections, using 10,000 cars, the indicated shrinkage is $184,200.00.

For the Los Angeles & Salt Lake Railway, using 1,000 cars, the shrinkage is $18,420.

For the Santa Fe, using 20,000 cars, as moving directly to Chicago, an indicated shrinkage of $47.95 per car, the total revenue shrinkage is $959,000.

This makes an aggregate revenue shrinkage of $4,363,920.00.

Cross-examination:

The total shipments, according to Mr. Fielding's Exhibit 166, of all deciduous fruits except apples, is 74,456 carloads. The average shrinkage per car, taking the carriers as a whole, would be $57.42. That is based upon the average loading of 28,306 pounds.

Under date of April 8, 1927, subsequently to the close of the hearing, the Southern Pacific Company furnished the following information as to the cost and consumption of fuel oil and coal for the years 1920 and 1926:

	1920	1926
Tons of coal consumed by locomotives	None used	459,529.00
Barrels of fuel oil consumed by locomotives	13,795,747.00	13,392,330.00
Average cost of coal per ton		2.91
Average cost of fuel oil per barrel	1.71	1.07
Amounts charged in Accounts:		
Account 382—Fuel for yard locomotives	$ 2,444,714.65	$ 1,870,001.24
Account 392—Fuel for train locomotives	21,100,283.35	13,782,692.93
Total	$23,544,998.00	$15,652,694.17

The average cost of coal and fuel oil represents invoice price plus freight charges and cost of handling to locomotive tenders.

The following statements with respect to fuel costs for 1920 and 1926 were submitted on April 20, 1927, and May 3, 1927, respectively, by The Atchison, Topeka and Santa Fe Railway Company:

Filed on Request of Complainants in Docket No. 19130

The Atchison, Topeka and Santa Fe Railway Company

System Statement of Fuel Costs, Year 1920

	No. of tons	No. of gallons	Cost as charged to operating expenses	Average cost per ton or gallon
Coal	3,067,416		$11,877,326.71	$3.87
Fuel Oil		385,673,284	16,594,148.48	4.277c
Total cost of Fuel Used in Operation			28,372,475.19	

[fol. 817] Filed on Request of Complainants in Docket No. 19130

The Atchison, Topeka and Santa Fe Railway Company System

Statement of Fuel Cost, Year 1926

	No. tons	No. gallons	Cost as charged to operating expenses	Average cost per ton or gallon
Coal	2,118,061		7,137,587.66	3.37
Fuel Oil		474,998,037	15,466,528.65	3.256c
Total cost of Fuel used in operations			22,604,116.31	

On April 11, 1927, the following statements were submitted by the Union Pacific System:

Los Angeles & Salt Lake Railroad Company

Statement Showing Number of Tons of Coal and Barrels of Fuel Oil Consumed in Total Transportation Service, Also the Average Cost per Ton of Coal and per Barrel of Fuel Oil and Total Charges to Account 382, "Fuel for Yard Locomotives," and 392, "Fuel for Train Locomotives," for the Years 1920 and 1926, to be Used in Connection with Transcontinental Deciduous Fruit Case, U. C. C. Docket No. 1913

	Year 1920	Year 1926
Tons of Coal consumed	160,476	
Barrels of Fuel Oil consumed	813,364	1,756,428
Average cost per ton of Coal (dollars)	4.73	
Average cost per barrel Fuel Oil (dollars)	1.81	.81
Account 382, Fuel for Yard locomotives	154,947.70	119,994.56
Account 394, Fuel for Train locomotives	2,076,930.16	1,306,412.20

[fol. 818] Union Pacific Railroad Company

Statement Showing Number of Tons of Coal and Barrels of Fuel Oil Consumed in Total Transportation Service, Also the Average Cost per Ton of Coal and per Barrel of Fuel Oil and Total Charges to Account 382 "Fuel for Yard Locomotives" and 394 "Fuel for Train Locomotives" for the Years 1920 and 1926 to be Used in Connection With Transcontinental Deciduous Fruit Case I. C. C. Docket No. 1913

	Year 1920	Year 1926
Tons of Coal Consumed	3,167,057	2,456,968
Barrels of Fuel Oil consumed	15,247	27,940
Average cost per ton of Coal (dollars)	3.21	2.85
Average cost per barrel Fuel Oil (dollars)	3.29	1.35
Account 382, Fuel for Yard Locomotives	925,647.91	677,720.68
Account 394, Fuel for Train Locomotives	9,421,923.44	6,570,155.12

[fols. 819 & 820] The Report and Order of the Interstate Commerce Commission in this proceeding were filed and entered on July 20. Said Report and Order are in the following form:

"Said Order and Report are set out in full in the Petition and Bill for Injunction of the Petitioners and Appellants, the said order appearing at page No. 4, herein, and said report appearing at pages Nos. 15 to 45 herein."

[fol. 821] BEFORE THE INTERSTATE COMMERCE COMMISSION

PETITION FOR RECONSIDERATION UPON THE RECORD AS MADE OF COMMISSION'S DECISION OF JULY 20, 1927, 129 I. C. C., 25

To the Honorable Interstate Commerce Commission:

The carriers defendants in the above entitled proceeding respectfully petition your honorable body to reopen the same, upon the record as made, for the purpose of reconsideration of the decision rendered herein on the twentieth day of July, 1927, reported 129 I. C. C., 25.

Respectfully submitted.

James S. Moore, Jr., J. E. Lyons, G. H. Muckley, E. E. Bennett, H. A. Scandrett, P. F. Gault, J. N. Davis, M. B. Pierce, A. B. Enoch, E. A. Smith, E. W. Camp, Platt Kent, F. E. Andrews, R. S. Outlaw, Elmer Westlake, Attorneys for Petitioners.

[fol. 822] BEFORE THE INTERSTATE COMMERCE COMMISSION

PETITION FOR POSTPONEMENT OF THE EFFECTIVE DATE OF THE COMMISSION'S ORDER OF JULY 20, 1927

To the Honorable the Interstate Commerce Commission:

The carriers defendant in the above entitled proceeding respectfully represent that concurrently herewith they are filing a petition for reconsideration by the Commission of the above proceeding upon the record as made therein, the grounds of which petition are fully set forth therein; that your your petitioners are fully convinced that the Commission's decision in this case is against the evidence and contrary to law, and if enforced will deprive the carriers defendant of their property without due process of law and will take from them their private property for public use without just compensation in violation of the Fifth Amendment to the Constitution of the United States; that they believe that it is in the interests of all, including the Commission, the shippers and receivers of deciduous fruit,

and of all other commodities directly or indirectly involved, and of the carriers, that in the event said petition for reconsideration be denied, there be an authoritative determination of the constitutionality of the so-called Hoch-Smith Resolution, if given the interpretation placed upon it by the Commission in its decision in Docket 19130. Your petitioners therefore respectfully state that in the event said [fol. 823] petition for reconsideration be not granted, and the decision of the Commission herein is set aside and vacated, your petitioners intend filing a bill in equity to enjoin the enforcement of the Commission's order in said docket, and to secure from a court of competent and final authority an authoritative determination of the issues involved.

Your petitioners further allege that the order of the Commission in Docket 19130 is to become effective October 10, 1927, upon fifteen days' notice; that the expense of printing the tariffs and disseminating them is large and should not be needlessly incurred, and the Commission should therefore postpone the effective date of its order herein for a reasonable time, not less than sixty days, in order that the Commission may have time to properly consider the petition for reconsideration herein, and in the event the same be denied, to permit the carriers to file a bill in equity and give to the Government and the parties interested adequate time for the presentation thereof, or opposition thereto.

Wherefore your petitioners pray that the Commission make and enter its order herein postponing the effective date of the Commission's order in Docket 19130 for not less than sixty days, or for such other reasonable time as to the Commission may seem proper in the premises; and for such other relief as may be proper.

Respectfully submitted.

[fol. 824] James S. Moore, Jr., J. E. Lyons, G. H. Muckley, E. E. Bennett, H. A. Scandrett, P. F. Gault, J. N. Davis, M. B. Pierce, A. B. Enoch, E. A. Smith, E. W. Camp, Platt Kent, F. E. Andrews, R. S. Outlaw, Elmer Westlake, Attorneys for Petitioners.

[fol. 825] BEFORE THE INTERSTATE COMMERCE COMMISSION

At a general session of the Interstate Commerce Commission, Held at Its Office, in Washington, D. C., on the 19th Day of September, A. D. 1927.

ORDER POSTPONING EFFECTIVE DATE OF ORDER

Upon further consideration of the record in the above-entitled proceeding, and of the petition of defendants for postponement of the effective date of the order heretofore entered in this case dated July 20, 1927;

It is ordered, That the effective date of said order of July 20, 1927, be, and it is hereby postponed until November 10, 1927,

And it is further ordered, That in all other respects the said order shall remain in full force and effect.

By the commission.

George B. McGinty, Secretary. (Seal.)

[fol. 826] BEFORE THE INTERSTATE COMMERCE COMMISSION

APPLICATION FOR MODIFICATION OF COMMISSION'S ORDER OF JULY 20, 1927

To the Honorable Interstate Commerce Commission:

Now come the Great Northern Railway Company, Northern Pacific Railway Company, Chicago, Milwaukee & St. Paul Railway Company, Spokane, Portland & Seattle Railway Company, and Oregon-Washington Railroad & Navigation Company, defendants in the above proceeding, and respectfully petition the Commission to modify its order herein of July 20, 1927, by eliminating therefrom the requirement that the rates on deciduous fruits, in carloads, from points in California to points in Groups A to M, inclusive, be reduced when the movement is via North Pacific Coast gateways; provided the order is construed to make such requirement; and in support of this application respectfully show:

(1) The Great Northern Railway Company, Northern Pacific Railway Company and Spokane, Portland & Seattle Railway Company—hereafter referred to as the "Northern Lines"— are parties to all-rail rates on deciduous fruits, in carloads, from points in northern California (San Francisco, Stockton and north) to groups A to M, applying through the North Pacific Coast gateways of Portland and Seattle. The rates via these gateways are higher than the rates between the same points when the movement is via [fol. 827] the direct lines from California, for example the Southern Pacific Company. Shipments from California to Groups A to M, except J, via the Northern Lines through the North Pacific Coast gateways pass through territories served by the Northern Lines where deciduous fruits are produced and shipped, for example, Wenatchee and Yakima, Washington, so that under the long and short haul clause of the Fourth Section of the Interstate Commerce Act the Northern Lines are not permitted to carry lower rates on deciduous fruits from California to Groups A to M via the North Pacific Coast gateways than they carry to the same destinations from their own producing territories in the states of Washington and Oregon.

(2) The record in this proceeding, applicants believe, does not show the rates from California via the North Pacific Coast gateways nor is there any evidence in the record with respect to them, but the wording of the Commission's order of July 20, 1927, may be construed as requiring the rates on deciduous fruits from California through the North Pacific Coast gateways, as well as the rates via the direct routes, to be reduced to $1.50 to Group J points and to $1.60 to Group A to M except J. If the order is so construed a compliance therewith by the Northern Lines will result in lower rates on deciduous fruits from northern California than on the same commodities to the same destinations from the intermediate fruit territory served by the Northern Lines in the states of Washington and Oregon, and will result in a violation of the long and short haul clause of the Fourth Section unless they simul- [fol. 828] taneously reduce their rates on deciduous fruits from Washington and Oregon to the level of those prescribed by the Commission from California.

(3) The rates and situation referred to above are shown by the rate statement attached to this application, the rates being taken from the current tariffs (Transcontinental Eastbound Freight Tariff No. 3-V, H. G. Toll's I. C. C. No. 1182, and Transcontinental Eastbound Freight Tariff No. 2-V, H. C. Toll's I. C. C. No. 1186).

(4) As a matter of information, the Northern Lines are parties also to joint rates on deciduous fruits from San Francisco via certain steamship lines to points in Groups A to M, except J, via Portland and Seattle, which rates are the same as the all-rail rates from California via the North Pacific Coast gateways except on grapes, but the Commission's order of July 20, 1927, does not run against any of the steamship lines parties to those rates and the Northern Lines therefore construe the Commission's order as not applying to any rates to which the steamship companies are parties.

(5) Very few, if any, shipments of deciduous fruits from California have moved via the North Pacific Coast gateways to destinations in Groups A to M, but there has been some movement to destinations west of Groups A to M, so that the rates from California via the North Pacific Coast gateways are practically paper rates. On the other hand, the rates of the Northern Lines from the states of Wash- [fol. 829] ington and Oregon which it would be necessary to reduce to observe the Fourth Section if the Northern Lines are required to reduce the rates from California, move a large tonnage. The Great Northern alone originated approximately 1,350 carloads of deciduous fruits in the Wenatchee Valley and points taking the Seattle and Portland rates during the year 1926, approximately 80% of which were destined to groups A to M.

6. While the Chicago, Milwaukee & St. Paul Railway Company and the Oregon-Washington Railroad & Navigation Company are not parties to rates from California via the North Pacific Coast gateways to points in Groups A to M, they serve some of the fruit producing territories in Washington and Oregon served by the Northern Lines, and if the latter are required to reduce their rates on deciduous fruits from Washington and Oregon the Chicago, Milwaukee & St. Paul Railway Company and the Oregon-

Washington Railroad & Navigation Company would have higher rates in effect than would be charged by the Northern Lines from the same territory.

7. If the Commission intended by its order to require a reduction in the rates from California applying via the North Pacific Coast gateways these applicants believe that in issuing its order the Commission was not aware of the fact that it would operate to reduce the rates from Washington and Oregon which are not in issue in this proceeding. If any changes are to be made in the deciduous fruit [fol. 830] rates from Washington and Oregon, which are the important rates to the Northern Lines, they should be made only after hearing and after the rates have been considered on their merits.

Wherefore, applicants Great Northern Railway Company, Northern Pacific Railway Company, Chicago, Milwaukee & St. Paul Railway Company, Spokane, Portland & Seattle Railway Company, and Oregon-Washington Railroad & Navigation Company respectfully petition the Commission, in case it construes its order as affecting the rates via the North Pacific Coast gateways, to modify its order of July 20, 1927, by excepting therefrom the rates on deciduous fruits in carloads, from California to points in Groups A to M, inclusive, when the movement is via the North Pacific Coast gateways.

If this application is denied applicants pray that the order be stayed insofar as it affects the rates applicable via the North Pacific Coast gateways and that the proceeding be reopened for further hearing with respect to such rates, or that the Commission grant applicants any other or further relief which it deems equitable.

Dated this 28th day of September, 1927.

Great Northern Railway Company, Northern Pacific Railway Company, Chicago, Milwaukee & St. Paul Railway Company, Spokane, Portland & Seattle Railway Company, Oregon-Washington Railroad & Navigation Company, by M. L. Countryman, Jr., J. N. Davis, H. A. Scandrett, R. J. Hagman, their Attorneys.

[fol. 831]

To	Deciduous Fruits, C. L., from California via Omaha		Deciduous Fruits, C. L., from California via Portland		Deciduous Fruits, C. L., from Other than pears		Deciduous Fruits, C. L., from Pears	
	Present	Ordered	Present	Ordered	Seattle & Portland	Wenatchee, Yakima and Hood River	Seattle & Portland	Wenatchee, Yakima, and Hood River
New York, N. Y.	1.73	1.60	*1.87½	1.60	1.87½	1.87½	†1.87½	1.73
Buffalo, N. Y.	1.73	1.60	*1.87½	1.60	1.87½	1.87½	1.73	1.73
Detroit, Mich.	1.73	1.60	*1.87½	1.60	1.87½	1.87½	1.73	1.73
Chicago, Ill.	1.73	1.60	*1.87½	1.60	1.87½	1.87½	1.73	1.73
St. Paul, Minn.	1.73	1.60	*1.87½	1.60	1.87½	1.60	1.73	1.60

* Rates from California via North Pacific Coast gateways applicable only from San Francisco and Stockton and points north.

† Steps being taken to reduce this rate to $1.73.

[fols. 832-835] BEFORE THE INTERSTATE COMMERCE COMMISSION

[Title omitted]

ORDER OF MODIFICATION

Upon further consideration of the record in the above entitled proceeding and of the petition filed October 1, 1927, by Great Northern Railway Company and other defendants for modification of the order o fJuly 20, 1927;

It is ordered, That the order heretofore entered in this proceeding dated July 20, 1927, which was by its terms effective October 10, 1927, and which was modified by order dated September 19, 1927, so as to become effective November 10, 1927, be and it is hereby, further modified so as to become effective December 10, 1927.

It is further ordered, That the said order of July 20, 1927, be, and it is hereby, further modified by inserting after the word "transportation," in both the second and third paragraphs of said order the words, "except over routes via north Pacific coast gateways."

And it is further ordered, That in all other respects the said order shall remain in full force and effect.

By the Commission:

George B. McGinty, Secretary. (Seal.)

"Said Report of the Interstate Commerce Commission on further consideration is set out in full in the Petition and Bill for Injunction of the petitioners and appellants appearing at pages 46 to 48 herein."

[fol. 836] BEFORE INTERSTATE COMMERCE COMMISSION

At a General Session of the Interstate Commerce Commission, Held at Its Office, in Washington, D. C., on the 22nd day of November, A. D. 1927.

[Title omitted]

ORDER POSTPONING EFFECTIVE DATE OF ORDER

Upon further consideration of the record in the above-entitled proceeding, and good cause appearing therefor:

It is ordered, That the order heretofore entered in this proceeding dated July 20, 1927, which was by its terms effective October 10, 1927, and which was subsequently modified by orders dated September 19, 1927, and October 14, 1927, so as to become effective December 10, 1927, be, and it is hereby, further modified so as to become effective January 10, 1928.

And it is further ordered, That in all other respects the said order shall remain in full force and effect.

By the commission.

George B. McGinty, Secretary. (Seal.)

[fol. 837] BEFORE THE INTERSTATE COMMERCE COMMISSION

[Title omitted]

ORDER POSTPONING EFFECTIVE DATE OF ORDER

Upon further consideration of the record in the above-entitled proceeding, and good cause appearing therefor:

It is ordered, That the order heretofore entered in this proceeding dated July 20, 1927, which was by its terms effective October 10, 1927, and which was subsequently modified by orders dated September 19, October 14, and November 22, 1927, so as to become effective January 10, 1928, be, and it is hereby, further modified so as to become effective February 10, 1928.

And it is further ordered, That in all other respects the said order shall remain in full force and effect.

By the Commission.

George B. McGinty, Secretary. (Seal.)

[fols. 838 & 839] Secretary's certificate to foregoing transcript omitted in printing.

[fol. 840] OFFERS IN EVIDENCE

Petitioners thereupon offered and there was admitted in evidence an Order of the Interstate Commerce Commission dated March 12, 1925, in that certain proceding before it entitled "No. 17,000, Rate Structure Investigation," which said Order is in the following form:

[fol. 841] Order

At a General Session of the Interstate Commerce Commission, Held at Its Office, in Washington, D. C., on the 12th Day of March, A. D. 1925

No. 17000

Rate Structure Investigation

In the Matter of Adjustments in the Rate Structure of Common Carriers Subject to the Interstate Commerce Act and the Fixing of Rates and Charges

It appearing, That by joint resolution of the Congress approved January 30, 1925, the commission is authorized and directed to make a thorough investigation of the rate structure of common carriers subject to the interstate commerce act, as follows:

[Public Resolution No. 46, 68th Congress]

[S. J. Res. 107]

Joint Resolution Directing the Interstate Commerce Commission to Take Action Relative to Adjustments in the Rate Structure of Common Carriers Subject to the Interstate Commerce Act and the Fixing of Rates and Charges.

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That it is hereby declared to be the true policy in rate making to be pursued by the Interstate Commerce Commission in adjusting freight rates, that the conditions which at any given time prevail in our several industries should be considered in so far as it is legally possible to do so, to the end that commodities may freely move.

That the Interstate Commerce Commission is authorized and directed to make a thorough investigation of the rate structure of common carriers subject to the interstate commerce act, in order to determine to what extent and in what manner existing rates and charges may be unjust, unreasonable, unjustly discriminatory, or unduly preferential, thereby imposing undue burdens, or giving undue advantage as between the various localities and parts of the country, the various classes of traffic, and the various classes and kinds of commodities, and to make, in accordance with law, such changes, adjustments, and redistribution of rates and charges as may be found necessary to correct any defects so found to exist. In making any such change, adjustment, or redistribution the commission shall give due regard, among other factors, to the general and comparative levels in market value of the various classes and kinds of commodities as indicated over a reasonable period of years to a natural and proper development of the country as a whole, and to the maintenance of an adequate system of transportation. In the progress of such investigation the commission shall, from time to time, and as expeditiously as possible, make such decisions and orders as it may find to be necessary or appropriate upon the record then made in order to place the rates upon designated classes of traffic upon a just and reasonable basis with relation to other rates. Such investigation shall be conducted with due regard to other investigations or proceedings affecting rate adjustments which may be pending before the commission.

In view of the existing depression in agriculture, the commission is hereby directed to effect with the least practicable delay such lawful changes in the rate structure of the country as will promote the freedom of movement by common carriers of the products of agriculture affected by that depression, including livestock, at the lowest possible lawful rates compatible with the maintenance of adequate transportation service: Provided, That no investigation or proceeding resulting from the adoption of this resolution shall be permitted to delay the decision of cases now pending before the commission involving rates on products of

agriculture, and that such cases shall be decided in accordance with this resolution.

Approved, January 30, 1925.

It is ordered, That an investigation of the rate structure of common carriers subject to the interstate commerce act be, and it is hereby, instituted by the commission in order to:

(a) Determine to what extent and in what manner, if any, rates, fares, and charges, and all classifications, regulations, and practices relating thereto, hereinafter for brevity collectively termed rates, of such common carriers for or [fol. 841a] in respect of the transportation or transmission by such carriers in interstate or foreign commerce of the various classes and kinds of commodities and the various classes of traffic, including freight, passenger, mail, and express, or any other, similar or dissimilar, may be unjust, unreasonable, unjustly discriminatory, unduly preferential, or otherwise in violation of any provision of law, including the joint resolution aforesaid.

(b) Determine to what extent and in what manner, if any, the rates, as above defined, of such common carriers cause undue or unreasonable advantage, preference, or prejudice as between persons or localities in intrastate commerce on the one hand, and interstate or foreign commerce on the other hand, or any undue, unreasonable, or unjust discrimination against interstate or foreign commerce.

(c) Make, in accordance with law, such changes, adjustments, and redistribution of rates, as above defined, as may be found necessary to correct any defects so found to exist, and to determine to what extent, if any, and upon what classes and kinds of commodities or classes of traffic, if any, compensating increases or other changes in rates, as above defined, may and shall lawfully be required or authorized by the commission in order to offset or partially offset such reductions or other changes in rates, as above defined, on other classes or kinds of commodities or classes of traffic, giving due regard, among other factors, to—

(1) The conditions which prevail in the several industries of the country, in so far as it is legally possible to do so, to the end that commodities may freely move;

(2) The general and comparative levels in market value of the various classes and kinds of commodities as indicated over a reasonable period of years;

(3) A natural and proper development of the country as a whole;

(4) The maintenance of an adequate system of transportation;

(5) Any other requirement of law laid upon the commission in respect of the initiation, modification, establishment, or adjustment of rates, as above defined.

(d) Make in the progress of the investigation such decisions and orders as the commission may find necessary or appropriate upon the record then made in order to place the rates upon designated classes or kinds of commodities or classes of traffic upon a just and reasonable basis with relation to other rates.

(e) Effect with the least practicable delay such lawful changes in the rate structure of the country as will promote the freedom of movement by common carriers of the products of agriculture affected by the existing depression declared in said joint resolution, including livestock, at the lowest possible lawful rates compatible with the maintenance of adequate transportation service.

It is further ordered, That all common carriers subject to the interstate commerce act be, and they are hereby, made respondents to this proceeding; that this order be served upon each of said respondents; that the several States of the United States be notified of this proceeding by sending copies of this order by registered mail to the governor of each State, as well as to the tribunal thereof, if any, having regulatory jurisdiction over such common carriers; that copies of this order be sent to the heads of the executive departments of the United States; and that notice of this proceeding be given to the public by depositing a copy of this order in the office of the secretary of the commission, at Washington, D. C.

And it is further ordered, That this proceeding be assigned for hearing at such times and places as the commission may hereafter direct.

By the Commission.

George B. McGinty, Secretary. (Seal.)

[fol. 841b] INTERSTATE COMMERCE COMMISSION

No. 17000

Rate Structure Investigation

In the Matter of Adjustments of the Rate Structure of Common Carriers Subject to the Interstate Commerce Act, and the Fixing of Rates and Charges

March 12, 1925.

To the Public:

As directed by a joint resolution of the Congress, S. J. Res. 107, the so-called Hoch-Smith resolution, approved January 30, 1925, the Interstate Commerce Commission has to-day instituted a general investigation upon its own motion, by order, docketed and entitled as above. Therein are brought in question all the rates, fares, and charges, and all classifications, regulations, and practices relating thereto, of common carriers subject to the interstate commerce act for the transportation or transmission in interstate or foreign commerce of the various classes and kinds of commodities and of the various classes of traffic, including freight, passenger, mail, and express; and also the relationship between the interstate and intrastate rates, fares, and charges. A copy of this order is attached and the joint resolution is set out therein.

Briefly summarized, the purpose of this investigation is to comply with the joint resolution in order to determine the extent and manner in which the rate structure of common carriers subject to the interstate commerce act is in any respect unlawful, and to make in accordance with law such changes, adjustments, and redistribution in that rate structure as may be necessary to correct any defects found to exist.

In discharge of this duty the commission will not enter at once upon extensive hearings. It intends to conduct the investigation in a manner conducive to full and orderly development of material facts and with as little delay and expense to shippers, carriers, and the Government, and as little disturbing effect upon production, distribution, and the free flow of commerce, as may be found practicable. Necessary or appropriate decisions and orders may be made

in the progress of the investigation. The commission is required to effect with the least practicable delay such lawful changes in the rate structure of the country as will promote the freedom of movement by common carriers of the products of agriculture affected by the existing depression declared in said joint resolution, including livestock, at the lowest possible lawful rates compatible with the maintenance of adequate transportation service.

The joint resolution authorizes and directs the commission to make a thorough investigation of the rate structure of "common carriers subject to the interstate commerce act." Accordingly all pipe-line companies; telegraph, telephone, and cable companies operating by wire or wireless; express companies; sleeping-car companies; and all persons, natural or artificial, engaged in such forms of transportation or transmission, as well as those engaged in the transportation of persons or property by rail or by water subject to the act, have been made respondents in this proceeding. But it is not the intention of the commission to proceed now, without further notice, to consider the rate structure of carriers other than those engaged in the transportation of persons or property, including mail and express matter, by rail or by water subject to the act, as a part of the present proceeding of investigation.

In the conduct of this investigation the commission will avail itself, as far as it can, of the assistance and cooperation of State authorities possessing rate-making powers, and invokes the cordial cooperation and assistance of all shippers and carriers.

Changes, if any, in the rate structure of the country, under the resolution, will be made after giving due consideration, among other factors, to:

(1) The conditions which prevail in the several industries of the country in so far as it is legally possible to do so, to the end that commodities may freely move, consideration of which to such extent is declared by Congress to be the true policy in rate making to be pursued by the commission.

(2) The general and comparative levels in market value of the various classes and kinds of commodities as indicated over a reasonable period of years.

(3) A natural and proper development of the country as a whole.

(4) The maintenance of an adequate system of transpor [fol. 841c] tation.

(5) Other requirements of law, whether statutory or found in the Constitution, which control the commission in respect of the initiation, modification, establishment, or adjustment of such rates, fares, charges, and all classifications, regulations, and practices relating thereto.

Attention is directed to the proviso in the last paragraph of the resolution:

Provided, That no investigation or proceeding resulting from the adoption of this resolution shall be permitted to delay the decision of cases now pending before the commission involving rates on products of agriculture, and that such cases shall be decided in accordance with this resolution.

The provisions of the resolution are now a part of the law which the commission administers, and are therefore to be applied in every case which may fall within the terms of the resolution, or be affected thereby, whether adversely or beneficially.

The commission expects these requirements of the law to be considered by all parties in proceedings now pending before it, so that any material and relevant facts necessary may be made of record in cases yet to be heard. As to cases already heard, whatever their status short of final decision by the commission, any party deeming the record insufficient in this regard should promptly call the attention of the commission and adverse parties to the deficiency, and the general nature of the facts tendered to supply the omission. This should be done in the manner in which other procedural motions are made and served in pending cases.

If in the light of the resolution parties to cases heretofore decided consider that such cases should be reopened for the purpose of presenting matters comprehended by the resolution, application for such reopening should be made in the manner prescribed by Rule XV of the commission's Rules of Practice, and should state briefly the nature and

purpose of the evidence to be introduced as required by that rule.

In order that the commission may as soon as possible carry out the mandates of the joint resolution as above summarized, and in aid of such purposes, the public generally, including both shippers and carriers, whether as individuals or in organizations, and the public authorities, State and Federal, (1) may file with the commission any desired brief or statement as to the intent of the joint resolution, the construction thereof, and the procedure to be pursued in giving effect thereto; and (2) may bring to the attention of the commission any appropriate statement of the facts, verified by affidavit, deemed to bring any classes of traffic, or any class or kind of commodities, or any general or special schedule of rates, fares, and charges, or other matters embraced in the investigation, within the provisions of the resolution. In the event it is claimed that any of the various classes and kinds of commodities and of the various classes of traffic is subjected to undue burden, any traffic or commodities receiving undue advantage or on which compensatory increases could be placed if found necessary should be indicated as clearly as possible. To facilitate the study and examination of the informal representations so to be made, it is desired that such memoranda shall be prepared and printed in the same form as briefs before the commission although legible typewritten or mimeographed memoranda will be received, and that at least 25 copies shall be furnished to the commission for its use, as soon as possible, and not later than May 15, 1925. A file of such memoranda will be open to public inspection in the office of the secretary of the commission. Answers to any such memoranda may be made by any interested person in like manner and be lodged with the commission not later than June 15, 1925. Such memoranda can not, under the law, take the place of evidence upon the hearing, or be given weight in the final consideration and disposition by the commission of the matters involved. They are desired for the aid and guidance of the commission in shaping its procedure.

Meantime, the commission will constitute a committee of its own membership, which, with the assistance of competent experts, and of representatives of the State commis-

sions, will study known or discoverable situations. Upon consideration of the results of such study and of the representations made by memoranda as contemplated in the last preceding paragraph of this notice, and of such applications as may be made for rehearings or further hearings in pending or decided cases, the commission will — and announce the order of its further procedure in the pending investigation.

All correspondence in this proceeding should be addressed to the secretary of the Interstate Commerce Commission, Washington, D. C., and should refer to Docket No. 17000.

By the Commission.

George B. McGinty, Secretary.

[fols. 842 & 843] Petitioners thereupon offered and there was admitted in evidence a Report and Order of the Interstate Commerce Commission dated July 14, 1926 in that certain proceeding before it entitled "Ex parte 87, Revenues in Western District—No. 17,000, Rate Structure Investigation," which said Report and Order are in the following form:

"Said Report and Order of the Interstate Commerce Commission in 'Ex Parte 87, Revenues in Western District —No. 17000—Rate Structure Investigation' is omitted in the printing hereof and is set out in full in the official reports of the Interstate Commerce Commission in Volume 113 thereof at page 3."

[fols. 844 & 845] Petitioners thereupon offered, and there was admitted in evidence, the Report and Order of the Interstate Commerce Commission dated May 16, 1922, in that certain proceeding entitled "Reduced Rates, 1922. In the Matter of Rates, Fares and Charges of Carriers by railroad subject to the Interstate Commerce Act. Docket No. 13293," which said Report and Order are in the following form:

"Said Report and Order of the Interstate Commerce Commission, 'No. 13293, Reduced Rates, 1922, In the Matter of the Rates, Fares and Charges of Carriers by Railroads, subject to the Interstate Commerce Act,' is omitted in the

printing hereof and is set out in full in the official reports of said Interstate Commerce Commission in Volume 68 thereof at page 676."

[fols. 846 & 847] Petitioners thereupon offered, and there was admitted in evidence, the Report and Order of the Interstate Commerce Commission in that proceeding entitled "Lake-Cargo Coal from Kentucky, Tennessee, Virginia and West Virginia to Lake Erie Ports, Investigation and Suspension, Docket No. 2967," which said Report and Order are in the following form:

"Said Report and Order of the Interstate Commerce Commission 'Investigation and Suspension Docket No. 2967, Lake Cargo Coal from Kentucky, Tennessee, Virginia and West Virginia to Lake Erie Ports' is omitted in the printing hereof and is set out in full in the official reports of the Interstate Commerce Commission in Volume 139 thereof at page 367."

[fol. 848] IN UNITED STATES DISTRICT COURT

[Title omitted]

JUDGES CERTIFICATE TO STATEMENT OF EVIDENCE—Filed June 13, 1928

The foregoing Statement of Evidence is a true, complete and properly prepared statement of the substance of all of the testimony and evidence introduced and admitted upon the trial of the above entitled cause in the Southern Division of the United States District Court for the Northern Division of California, Third Division, all particulars not essential to the decision of the questions presented being omitted, and the same is hereby settled, allowed and approved as the Statement of Evidence in the Appeal of the above entitled Court.

Dated This 11th day of June, A. D. 1928.

A. F. St. Sure, United States District Judge. Frank H. Rudken, United States Circuit Judge. Frank A. Kerrigan, United States District Judge.

[File endorsement omitted.]

[fol. 849] IN UNITED STATES DISTRICT COURT

[Title omitted]

ORDER ENLARGING TIME TO PREPARE TRANSCRIPT OF RECORD AND DOCKET APPEAL—Filed June 2, 1928

Good cause appearing therefor,

It is hereby ordered that the time within which to prepare the transcript of record on appeal and docket the appeal of the petitioners in the above entitled suit in the Supreme Court of the United States be, and the same is hereby, enlarged to and including the 1st day of August, A. D. 1928.

Dated June 2d, 1928.

A. F. St. Sure, District Judge. Frank H. Rudkin, Circuit Judge. Frank H. Kerrigan, District Judge.

[File endorsement omitted.]

[fol. 850] IN UNITED STATES DISTRICT COURT

[Title omitted]

PRECIPE FOR TRANSCRIPT OF RECORD—Filed June 16, 1928

To the Clerk of the above entitled Court:

You will please prepare transcript of record in this cause to be filed in the office of the Clerk of the Supreme Court of the United States for use on appeal to the Supreme Court of the United States, and you will please incorporate in such transcript the following portions of the record in this cause:

1. Petition and Bill for Injunction;
2. Motion of California Growers' and Shippers' Protective League for leave to file petition in intervention;
3. Order granting motion of California Growers' and Shippers' Protective League for leave to file petition in intervention and order to show cause;
4. Petition of California Growers' and Shippers' Protective League for permission to intervene;

[fol. 851] 5. Order Permitting Intervention of California Growers' and Shippers' Protective League;

6. Answer of United States of America;

7. Answer of California Growers' and Shippers' Protective League;

8. The Answer, if any, filed by Interstate Commerce Commission.

9. Order denying Application for temporary injunction made and entered January 18, 1928.

10. Memorandum Opinion of Court on Order denying Application for temporary injunction;

11. Order to show cause dated February 16, 1928;

12. Affidavit of H. Giddings, dated April 30, 1928, filed May 1, 1928.

13. Memorandum Order and Opinion dismissing cause and denying Stay pending Appeal, filed May 3, 1928;

14. Final Decree made and entered May 9, 1928;

15. Petition for Appeal from final decree;

16. Assignment of Errors on appeal from final decree;

17. Order allowing Appeal from final decree;

18. Bond on appeal from final decree;

19. Order enlarging time to prepare statement on appeal till June 10, 1928;

20. Citation issued on appeal from final decree;

21. Notice of Appeal directed to Attorney General of State of California, filed May 16, 1928.

22. Acknowledgment of service of assignment of errors, Order allowing appeal and Citation, filed June 11, 1928;

23. Acknowledgment of Service of Notice of Appeal filed June 11, 1928;

24. Statement of Evidence on final hearing together with order approving the same.

25. Order enlarging time to prepare transcript of record and docket appeal.

26. Præcipe for Transcript of Record.

27. Clerk's Certificate of Transcript of Record.

[fol. 852] Said Transcript to be prepared as required by law and the rules of the Supreme Court of the United States.

The original Citation with the acceptance of service thereof by the defendants and intervenor should accompany the transcript.

Herman Phleger, M. E. Harrison, Platt Kent, James E. Lyons, James S. Moore, Jr., Elmer Westlake, Attorneys for Petitioners.

Dated June 15th, 1928.

Receipt of a copy of the foregoing Præcipe for Transcript of Record is hereby acknowledged this 15th day of June, 1928.

McCutcheon, Olney, Mannon & Greene, Allan P. Matthew, Attorneys for Intervenor, California Growers' and Shippers' Protective League. Geo. J. Hatfield, United States Attorney for the Northern District of California, Attorney for Defendant, United States of America, and Interstate Commerce Commission.

Stipulation

It is hereby stipulated that the portions of the record listed in the above præcipe shall be incorporated into and constitute the record on appeal from the final decree heretofore entered herein.

McCutcheon, Olney, Mannon & Greene, Allan P. Matthew, Attorneys for Intervenor, by A. C. Aurich, Deputy Clerk.

Dated June 15, 1928.

[File endorsement omitted.]

[fol. 853] In United States District Court

[Title omitted]

Supplemental Præcipe for Transcript of Record—Filed June 19, 1928

To the Clerk of the above-entitled Court:

In preparing the transcript of record in this cause to be filed in the office of the Clerk of the Supreme Court of the

United States for use on appeal pursuant to the præcipe for transcript of record, filed June 16, 1928, you will please incorporate in such transcript the following additional portions of the record in this cause:

1. Order of the above named Court, made February, 1928, denying the application of the petitioners for a stay of the order of the Interstate Commerce Commission pending appeal from the order of said Court denying a temporary injunction herein;

2. Notice of Appeal from final decree, filed June 8th, 1928.

3. Supplemental præcipe for Transcript of Record.

Dated: June 18th, 1928.

Herman Phleger, M. E. Harrison, Platt Kent, James [fol. 854] E. Lyons, James S. Moore, Jr., Elmer Westlake, Attorneys for Petitioners. Allan P. Matthew, McCutchen, Olney, Mannon & Greene, Attorneys for Intervenor, California Growers' & Shippers' Protective League.

Due service of a copy of the within Supplemental præcipe is hereby admitted this 19 day of June, 1928.

Geo. J. Hatfield, United States Attorney for the Northern District of California, Attorney for Defendants.

[File endorsement omitted.]

[fol. 854a] IN UNITED STATES DISTRICT COURT

[Title omitted]

ORDER DIRECTING FILING OF COPY OF ANSWER OF DEFENDANT INTERSTATE COMMERCE COMMISSION NUNC PRO TUNC AND DIRECTING THE CLERK TO INCLUDE SAME IN RECORD ON APPEAL—Filed June 27, 1928

It appearing to the Court that the defendant herein Interstate Commerce Commission on the 20th day of December, 1927, served upon the other parties to the action and offered for filing in open court its verified answer to the

bill of complaint herein and that through inadvertence said answer was not filed and that the same is not now on file herein;

Now, therefore, it appearing that the making of this order is agreeable to all of the parties herein,

It is ordered that a copy of said answer of said Interstate Commerce Commission may be filed herein nunc pro tunc as of December 20, 1927, and the Clerk of this Court is hereby authorized and directed to accept such copy for filing and to file the same, nunc pro tunc as of December 20, 1927, and to include the same in the record on appeal to the Supreme Court of the United States herein.

Dated June 27, 1928.

Frank H. Rudkin, United States Circuit Judge.

[File endorsement omitted.]

[fol. 855] Clerk's certificate to foregoing transcript omitted in printing.

[fols. 856-859] "Citation, in the usual form, showing service on the attorneys for Interstate Commerce Commission, Intervenor California Growers' & Shippers' Protective League, and the Solicitor General of the United States, filed May 28, 1928" [omitted in printing.]

[fol. 860] IN SUPREME COURT OF THE UNITED STATES

STATEMENT OF POINTS ON WHICH APPELLANTS INTEND TO RELY AND STIPULATION AS TO PRINTING RECORD—Filed July 26, 1928.

Come now the appellants in the above entitled cause, and state the points upon which they intend to rely upon this appeal from the decree made on May 9, 1928, dismissing their petition and bill for injunction, which are particularly set forth in their assignments of error and are as follows:

The United States District Court erred in making said decree and refusing to suspend, set aside and annul the

order of the Interstate Commerce Commission (hereinafter called "the order of the Commission"), for the following reasons:

I. The order of the Commission violates the provisions of the Fifth Amendment to the Constitution of the United States (Assignments of Error Nos. II and V).

(a) The rates fixed by said order do not afford to the [fol. 861] carriers substantial compensation over their proper costs in the carriage of goods under said rates. The order will therefore deprive the carriers of their private property without just compensation and is invalid and void (Assignment of Error No. VI).

(b) The rates fixed by said order do not permit the carriers to receive the costs incurred by them in the carriage of goods under said rates. The order, therefore, will deprive the carriers of their private property without just compensation and is invalid and void (Assignment of Error No. IV).

II. The order of the Commission violates the provisions of the Fifth Amendment to the Constitution of the United States, because the carriers are thereby deprived of their property without due process of law (Assignment of Error No. III).

III. The order of the Commission is not supported by, and is contrary to, the findings made by the Commission in the proceedings and report upon which it is based, and the order is therefore arbitrary and beyond the power of the Commission.

(a) The Commission failed to make any determination or finding whatever that the rates which were lowered by the order of the Commission were unreasonable or unduly prejudicial. The Commission did find that the rates low-[fol. 862] ered by the order of the Commission were not unreasonable and not unduly prejudicial. The Commission had no power to lower a reasonable and not unduly prejudicial rate (Assignments of Error Nos. IX, X and XI).

(b) The Commission failed to make any determination or finding whatever that the rates fixed by the order of the Commission, or either of them, are reasonable. The Commission has no power to fix any but a reasonable rate (Assignments of Error Nos. VII and VIII).

(c) The Commission found that deciduous fruits were moving freely in interstate commerce in unprecedented volume and that freedom of movement thereof had increased and would continue so to do. Nevertheless, it erroneously concluded that the rates fixed by said order were necessary to promote freedom of movement of deciduous fruits in interstate commerce, upon the ground that shippers of deciduous fruits were not making a profit (Assignment of Error No. XXV).

(d) The Commission found that the carriers of the country, as a whole, were not making the return required by Section 15-a of the Interstate Commerce Act, and that rates lowered by said order were reasonable. The Commission has no power to reduce a reasonable rate when to do so is to deprive the carriers of the return to which they are entitled pursuant to Section 15-a of the Interstate Commerce Act (Assignment of Error No. XLII).

[fol. 863] (e) The Commission found that the rates fixed by the order of the Commission are slightly above operating expenses and afford to the carriers only a slight margin of profit. The rates fixed by said order of the Commission are therefore unreasonable and the order of the Commission is contrary to and unsupported by its findings (Assignments of Error Nos. XXXIII and XXXIV).

(f) The Commission found that the rates fixed by the order of the Commission are slightly above operating expenses and afford to the carrier only a slight margin of profit. The rates fixed by said order of the Commission are, therefore, not compatible with the maintenance of adequate transportation facilities, and the order of the Commission is contrary to and unsupported by its findings (Assignment of Error No. XXXVII).

(g) The Commission found that there is no depression in the business of producing certain fruits. There is not,

therefore, an existing depression in the whole of the deciduous fruit industry, and the order of the Commission is contrary to and unsupported by its findings (Assignment osf Error No. XXXV).

IV. The order of the Commission is based upon a mistake of law and is void, because the order is based solely upon the Joint Resolution of Congress, approved January 30, 1925, 43 Statutes at Large, page 801 (hereinafter called "the Hoch-Smith Resolution"), which was misconstrued [fol. 864] and misapplied by the Commission in said proceeding (Assignment of Error No. XIV).

(a) The Commission misapplied the Hoch-Smith Resolution in this proceeding, which was instituted by a single shipper or class of shippers, and involved a single rate or class of rates, and was not a general investigation of the rate structure of the country instituted by the Commission pursuant to the Hoch-Smith Resolution (Assignment of Error No. XVIII).

(1) The Commission misconstrued the Hoch-Smith Resolution as authorizing it to reduce, and it did reduce, a single rate or class of rates, without a contemporaneous re-arrangement of the rate structure of the country (Assignment of Error No. XVII).

(b) The Commission erroneously construed the Hoch-Smith Resolution as authorizing and directing it to reduce, and it did reduce, reasonable rates to relieve an economic depression in an industry and to fix the same at a level which will enable shippers to do business at a profit, without regard to the carriers' costs and without permitting the carriers a reasonable, or any profit (Assignment of Error Nos. XIII, XV and XLVI).

(c) The Commission erroneously construed the Hoch-Smith Resolution as authorizing and directing it to reduce, and it did reduce, rates to promote freedom of movement of deciduous fruit in interstate commerce, because the ship-[fol. 865] pers involved are not making a profit, even though deciduous fruit was moving in interstate commerce in large and increasing quantities (Assignment of Error No. XXV).

(d) The Commission erroneously construed the Hoch-Smith Resolution as authorizing it to reduce, and it did reduce, rates pursuant to the Hoch-Smith Resolution, without considering the general and comparative levels in market value of the various classes and kinds of commodities over a reasonable period of years, and the relative conditions prevailing in the several industries of the country (Assignment of Error No. XII).

(e) The Commission erroneously construed the Hoch-Smith Resolution as authorizing the Commission to fix, and it did fix, rates slightly in excess of the carriers' cost (Assignments of Error Nos. XXXII, XXXIII and XXXIV).

(f) The Commission erroneously construed the Hoch-Smith Resolution as authorizing it to reduce, and it did reduce, reasonable rates while the carriers were not earning a return in accordance with the provisions of Section 15-a of the Interstate Commerce Act, without providing increases in other rates to compensate the carriers for the losses in revenue resulting from said order (Assignments of Error Nos. XLI and XLII).

(g) The Commission erroneously construed the Hoch-Smith Resolution as authorizing it to fix, and it did fix, a rate without reference to the propriety thereof under the [fol. 866] provisions of Section 3 of the Interstate Commerce Act.

(1) The Commission construed the Hoch-Smith Resolution as authorizing it to fix, and it did fix, rates for products of agriculture in a depressed condition relatively lower than the rates fixed for similar products of other industries (Assignment of Error No. XVI).

(2) The Commission construed the Hoch-Smith Resolution as authorizing it to fix, and it did fix, rates for products of agriculture of a particular locality relatively lower than, and without regard to, the rates on similar agricultural products of other localities (Assignments of Error Nos. XLIII and XLIV).

(h) The Commission erroneously construed the Hoch-Smith Resolution as authorizing it to reduce, and it did reduce, reasonable rates without readjusting rates to pre-

serve for the carriers the revenues which they had prior to such reduction (Assignment of Error No. XLV).

V. The order of the Commission is based upon a mistake of law and is arbitrary and void, because the Commission found that rates in excess of those fixed therein were not unreasonable considering the cost and value of the service and reasonable return to be received by the carriers for the service involved, but, nevertheleess, fixed the rates established by the order of the Commission, because of the de-
[fol. 867] pressed financial condition of the business of certain shippers, the inability of the shippers to realize a profit on their shipments and the relatively prosperous financial condition of the carriers (Assignment of Error No. XLIX).

VI. The order of the Commission is based upon a mistake of law and is arbitrary and void, because the Commission construed the law as authorizing it to fix, and it did fix, rates which would not return to the carriers any profit whatever.

(a) The Commission fixed rates which it found would return to the carriers only a slight excess over operating expenses (Assignments of Error Nos. XXXII and XXIII).

(b) The Commission fixed rates which it found would return to the carriers only some or a slight margin of profit (Assignment of Error No. XXXIV).

VII. The order of the Commission is arbitrary and based upon a mistake of law, because the Commission imposed upon the carriers the burden of proving that the rates reduced by the order of the Commission were reasonable (Assignment of Error No. XLVII).

VIII. The order of the Commission is arbitrary and based upon a mistake of law, because the Commission imposed upon the carriers the burden to establish that the rates fixed by said order were not reasonable and not the
[fol. 868] lowest possible lawful rates compatible with the maintenance of adequate transportation facilities (Assignment of Error No. XLVIII).

IX. The order of the Commission was arbitrary and beyond its power, in that there was no evidence to support the same.

(a) There was no evidence introduced before the Commission that the rates reduced by the order of the Commission were unreasonable. The undisputed evidence established that such rates were reasonable and the finding of the Commission that the rates lowered by said order of the Commission were unreasonable is without evidence to support it (Assignment of Error No. XX).

(b) There was no evidence introduced before the Commission that any rates in excess of the rates fixed by its order were unreasonable. The finding of the Commission that any rates higher than those fixed by said order are unreasonable, is without evidence to support it (Assignment of Error No. XXI).

(c) There was no evidence that the rates fixed by the order of the Commission were reasonable. The evidence introduced showed that the rates fixed by the order were confiscatory (Assignment of Error No. XXII).

(d) There was no evidence to support the conclusion of the Commission that there was a depression in the whole of the deciduous fruit industry. The undisputed evidence [fol. 869] and findings of the Commission was that there was no depression in the business of producing certain deciduous fruits (Assignment of Error No. XXIII).

(e) There was no evidence to support the conclusion of the Commission that a reduction in the rates involved was necessary to promote the freedom of movement of deciduous fruits in interstate commerce. The undisputed evidence and findings of the Commission are to the contrary (Assignments of Error Nos. XXIV and XXVI).

(f) There was no evidence to support the finding of the Commission that the rates fixed by said order were the lowest possible lawful rates compatible with interstate commerce. The undisputed evidence showed the contrary (Assignments of Error Nos. XXVI, XXVII, XXVIII and XXIX).

(g) There was no evidence to support the finding of the Commission that the rates fixed by the order of the Commission were required by due regard to the general and comparative levels of the various classes and kinds of com-

modities over a reasonable period of years (Assignment of Error No. XXX).

(h) There was no evidence to support the finding of the Commission that the increased minimum load prescribed by the order of the Commission would make some increase in the average revenue per car (Assignment of Error No. XXXI).

[fols. 870-872] X. The order of the Commission is void, because it is based solely upon the Hoch-Smith Resolution and the Hoch-Smith Resolution violates the Fifth Amendment to the Constitution of the United States, and is unconstitutional and void (Assignments of Error Nos. XXXVIII, XXXIX and XL).

[fol. 873] Dated July 18, 1928.

Herman Phleger, M. E. Harrison, Platt Kent, James E. Lyons, James S. Moore, Jr., Elmer Westlake, Attorneys for Appellants.

[fols. 874 & 875] Receipt of a copy of the foregoing Statement is hereby acknowledged this 18th day of July, A. D. 1928.

Allan P. Matthew, McCutchen, Olney, Mannon & Greene, Attorneys for Appellee, California Growers' & Shippers' Protective League.

Receipt of a copy of the foregoing statement is hereby acknowledged this 23rd day of July, A. D. 1928.

Blackburn Esterline, Assistant to the Solicitor General. J. Stanley Payne, Attorney for Appellee Interstate Commerce Commission.

[fol. 876] Stipulation for Printing of Record

It is hereby stipulated by and between the parties to the above entitled action that the whole of the record on appeal in the said action should be printed, except the following portions thereof:

1. The bond on appeal from final decree in said action, in lieu of which may be inserted the following:

"Bond on appeal for $500 approved and filed May 10, 1928."

2. Citation issued on appeal from said final decree, in lieu of which may be inserted the following:

"Citation, in the usual form, showing service on the attorneys for Interstate Commerce Commission, Intervenor California Growers' & Shippers' Protective League, and the Solicitor General of the United States, filed May 28, 1928."

3. Acknowledgment of Service of Notice of Appeal filed June 11, 1928, in lieu of which may be inserted the following:

[fol. 877] "Acknowledgment of service of Notice of Appeal showing service of same upon Solicitor General of the United States and the Attorney for Interstate Commerce Commission, filed June 11, 1928."

4. Acknowledgment of service of Assignment of Errors, Order allowing appeal and citation, filed June 11, 1928, in lieu of which may be inserted the following:

"Acknowledgment of service of Assignment of Errors, Order allowing appeal and citation showing service of said documents upon the Solicitor General for the United States and the attorney for the Interstate Commerce Commission, filed June 11, 1928."

5. Copy of answer of California Growers' & Shippers' Protective League, appearing at pages 57 to 78 of the record on appeal, in lieu of which may be inserted the following:

"Attached to the foregoing petition to intervene is a copy of the answer of California Growers' & Shippers' Protective League, which appears herein at pages — to —.

6. The following portions of the Statement of Evidence on final hearing:

(a) Report and Order of Interstate Commerce Commission in Docket No. 19130, entitled "California Growers' and Shippers' Protective League vs. Southern Pacific, et al.," which said report and order follow page 385 (d) of the Statement of Evidence, in lieu of which the following may be inserted:

"Said Order and Report are set out in full in the Petition and Bill for Injunction of the Petitioners and Appellants, the said order appearing at page No. —, herein, and said report appearing at pages Nos. — to — herein."

(b) Report of the Interstate Commerce Commission on further consideration in said Docket No. 19130 in said pro-
[fol. 878] ceeding entitled "California Growers' and Shippers' Protective League vs. Southern Pacific, et al.," appearing at pages 397 (a), 397 (b) and 397 (c) of said Statement of Evidence, in lieu of which the following may be inserted:

"Said Report of the Interstate Commerce Commission on further consideration is set out in full in the Petition and Bill for Injunction of the petitioners and appellants appearing at pages — to — herein."

(c) The report and order of the Interstate Commerce Commission in that certain proceeding entitled "Ex Parte 87, Revenues in Western District—No. 1700—Rate Structure Investigation," appearing after page 403 of said Statement of Evidence, in lieu of which may be inserted the following:

"Said Report and Order of the Interstate Commerce Commission in 'Ex Parte 87, Revenues in Western District —No. 17000—Rate Structure Investigation' is omitted in the printing hereof and is set out in full in the official reports of the Interstate Commerce Commission in Volume 113 thereof at page 3."

(d) That certain report and order of the Interstate Commerce Commission, entitled "No. 13293, Reduced Rates, 1922, in the Matter of Rates, Fares and Charges of Carriers by Railroad, subject to the Interstate Commerce Act," which appears after page 404 of said Statement of Evidence, in lieu of which the following may be inserted:

"Said report and Order of the Interstate Commerce Commission, 'No. 13293, Reduced Rates, 1922, In the Matter of the Rates, Fares and Charges of Carriers by Railroads, subject to the Interstate Commerce Act,' is omitted in the printing hereof and is set out in full in the official

reports of said Interstate Commerce Comission in Volume 68 thereof at page 676."

[fol. 879] (e) The Report and Order of the Interstate Commerce Commission "Investigation and Suspension Docket No. 2967, Lake Cargo Coal from Kentucky, Tennessee, Virginia and West Virginia to Lake Erie Ports"—which said report and order appears after page 405 of said Statement of Evidence, in lieu of which the following may be inserted:

"Said Report and Order of the Interstate Commerce Commission 'Investigation and Suspension Docket No. 2967, Lake Cargo Coal from Kentucky, Tennessee, Virginia and West Virginia to Lake Erie Ports' is omitted in the printing hereof and is set out in full in the official reports of the Interstate Commerce Commission in Volume 139 thereof at page 367."

And it is hereby further stipulated by and between the parties to the above entitled action that said Orders and Reports of the said Interstate Commerce Commission omitted in printing of said record, may be referred to by the various parties to said Appeal and their counsel, by reference to said official reports of the Interstate Commerce Commission with the same force and effect as if said reports and orders were printed in full.

And it is hereby further stipulated that in the printing of said record on appeal, the Answer of Interstate Commerce Commission may be inserted immediately following the Answer of the United States.

Dated July 9, A. D. 1928.

Herman Phleger, M. E. Harrison, Platt Kent, James [fols. 880 & 881] E. Lyons, James S. Moore, Jr., Elmer Westlake, Attorneys for Appellants. Allan P. Matthew, McCutchen, Olney, Mannon & Greene, Attorneys for Appellee California Growers' and Shippers' Protective League. J. Stanley Payne, Attorney for Interstate Commerce Commission.

With the exceptions of Items one, two, three and four of the foregoing stipulation (which in the view of Government counsel relate to matters which should be left entirely to the discretion and supervision of the Clerk in printing the record) and the last paragraph of four lines thereof which immediately precedes the date (unless it meets with the approval of the Clerk), the counsel for the United States concurs in the foregoing stipulation.

July 25, 1928.

Blackburn Esterline, Assistant to the Solicitor General, for the United States.

[fol. 882] [File endorsement omitted.]

Endorsed on cover: File No. 33,582. N. California D. C. U. S. Term No. 273. The Ann Arbor Railroad Company, The Atchison, Topeka and Santa Fe Railway Company, The Baltimore and Ohio Railroad Company, et al., appellants, vs. The United States of America, The Interstate Commerce Commission and The California Growers' & Shippers' Protective League. Filed July 14th, 1928. File No. 33,582.